

Journal of the  
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Organisation

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# Revolutionary Perspectives



## **The New Imperialist Great Game of China and the US**

**Capitalism's Crisis of Stagnation  
and Austerity**

**Brexit 2018:  
The Ruling Class Nightmare Continues**

**On the Future International**

**Autonomism:  
Many Flowers Little Fruit**

**Bukharin's Review of Lenin's  
"The State and Revolution"**

# Revolutionary Perspectives

*Magazine of the Communist Workers' Organisation*  
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# Capitalism's Crisis of Stagnation and Austerity

As 2018 opens economic optimism is breaking out amongst the capitalist class. Leaving aside the vainglorious boasts of the current President of the United States that unemployment in the US has reached lows only last seen in the post-war boom, or that the New York stock market is now at all time record highs, more serious economic commentators are arguing that after a decade of misery (at least for 99% of the planet) the signs of recovery from the 2007-8 banking collapse are now behind us.

If this sounds familiar it is because we have heard the same tale so many times. "Recovery is just around the corner". One small thing is different. Over the last decade the IMF has given a figure for global GDP growth which has been revised down in every year. In 2017 they gave a figure of 3% for 2018 and have now revised it up to a magnificent 3.1%. Others are more bullish. Gavyn Davies (ex-Goldman Sachs banker) on his blog has claimed that 5% or more is on the cards for this year.

So have all these years of austerity and quantitative easing finally solved the problems brought about by bursting of the speculative bubble of 2007-8? We leave forecasting of the actual rate of growth to the capitalist economic pundits, for whom this dodgy digit is significant, but the fundamentals of the system remain as unhealthy as ever.

The biggest problem remains the level and quality of debt. Debt in itself has always been central to capitalist accumulation, but that was mainly debt that was acquired to invest to create new value and thus new profits. That is not true today. In the UK, and around the world, we have had at least 7 years of austerity produced by governments' attempt to reduce its debt burden. This has led to benefit cuts, underinvestment in public services and infrastructure and wage freezes but the one thing it has not done is end the dependency on debt. Indeed the problem has got worse.

According to the Bank for International Settlements the global debt burden was 225% of annual economic output in 2008. Today it stands at 330%. In bald figures Global Debt Monitor in January tell us that global debt (public and private combined) went from \$71 billion in 2008 to an incredible \$233 trillion today. At the moment this is sustainable only because interest rates are so low and are being kept low by state manipulation via the policies of central banks. The same central banks have also been using the very factor that brought the system to its knees in 2007 – more debt to keep the system going. So-called "quantitative easing" is shoring up the banks so that they can gradually write off or eliminate all the "toxic assets" (bad debt to normal people) acquired by financial capital. What this means is that they are transferring debt from the private to the public sector and basing it on an essentially worthless currency but accepted because it is backed by governments. As Pascal Blanque put it

*After the 2008-09 financial crisis, the hope was that a combination of economic recovery, inflation and austerity would shrink the debt mountain. This, though, was too optimistic. Growth has been below par, inflation subdued and austerity self-defeating. ("Global debt is the danger: beware the butterfly moment" *Financial Times* 6 January 2018)*

After a few years of the failure of the economy to revive in the way that it had done in the past the former US Treasury Secretary, Larry Summers, rediscovered an old concept from the Great Depression of the 1930s – secular stagnation. His argument was that we had entered a period in which growth (that capitalist “must have”) could only be achieved by unsustainable financial policies. That is just where we are today.

If the global economy is recovering as fast as the supporters of the system maintain then we should be seeing inflationary pressures and the consequent raising of interest rates to deal with them. The central banks though are in a bind. The current level of debt means that any rise in interest rates will wipe out some firms since they are zombie companies only able to continue because they can pay the interest but not reduce the principal of their debts. Some have just kept acquiring debt to repay debt (you have to ask if Carillion, the second largest building contractor in the UK would have managed to keep on until it had acquired an unsustainable £1.5 billion in debt under any other financial regime).

And the present stock market “exuberance” (the Nikkei and Standard and Poor 500 indexes have both reached record highs as have the FTSE 100 and 250) is a direct result of the central banks’ financial policies. The rise of the stock market, as every commentator knows, is not based on the reality of economic performance. It is just one more asset bubble funded by debt. With low interest rates even S & P 500 companies, which have huge cash reserves from the past but cannot find profitable investment outlets today, are stashing that cash abroad whilst taking on new loans to buy back their own shares. This fuels the stock market bubble and other investors who can find no other profitable outlets are piling in there behind them as this is the best form of speculation there is.

Speculation and excessive debt are a plague for the whole world economy even including the world’s economic dynamo in China. Particularly in the last two years the Chinese state banks have loaned an enormous sum, especially to state-owned enterprises carrying out huge projects, for which the returns are meagre. As a result China’s debt now stands at 257% of GDP. Small wonder that the outgoing Governor of the Chinese People’s Bank Zhou Xiaochuan warned that China could be facing a “Minsky moment” (i.e. a financial meltdown after a period of apparent calm).

Even the so-called good news that employment levels are rising everywhere disguises another story. In the first place the notion that US unemployment is only just over 4%

is a nonsense. US unemployment figures have always been particularly misleading since anyone still unemployed after a short time is deemed to be not seriously looking for work and taken off the figures. Currently in the US there are roughly 6.5 million unemployed under the traditional measure, 1.6 discouraged or marginally attached workers and 4.9 million part-time workers who cannot find full-time employment. That comes to over 8% and that is without going into the quality of the jobs that are filled.

Unemployment should be going up. In all previous crises workers have been expelled from the productive process so that a smaller labour force creates more valuable commodities and the rate of profit can go up.

Instead, across the advanced capitalist world, our rulers are talking about the fact that the new problem is productivity. This is just another way of saying they are not getting enough surplus value out of the labour force to offset the decline in the rate of profit. Workers are being taken on but little investment is being made. With benefit cuts increasing workers are compelled to take almost any job at low wages. The lack of collective resistance of the working class as a whole is allowing the capitalists to employ them, but at low wage rates.

This has not just happened since 2008. All studies of labour's share of wealth show that it rose in the post-war boom then held steady in the 1970s as workers fought against the first wave of cuts. It then declined enormously once capitalism began to restructure and wipe out old industries in the advanced capitalist countries as they invested in China and the cheaper labour markets. The final consequence of the lack of working class resistance is an austerity imposed by the state in order to make small cuts in their budget, which come nowhere near dealing with the real problem which is the over-accumulation of capital. Capital has existed in "secular stagnation" for decades, forcing the working class to retreat but at the same time having no real solution to the crisis of accumulation. The system now lives on life support with oxygen provided by the state inventing money.

2018 did open on one bright note with news of the resistance of workers in Iran and Tunisia to austerity in those countries. The causes of these protests go back many years (our website contains articles on them) but have been exacerbated in recent months when both governments (after getting a loan from the IMF) imposed new cuts on fuel subsidies etc. when people were already desperate. As yet the struggles have not found a voice and, in the absence of a clearer vision of the solution to their problems, may not acquire one soon. In any event they show the ruling class that there are limits to the amount of suffering that can be inflicted. They could yet be the harbingers of more conscious struggles in 2018 ...

# Brexit 2018: The Ruling Class Nightmare Continues

During the preparation for the 2016 referendum on the UK's membership of the European Union (EU) we made it entirely clear (in *Revolutionary Perspectives* 08) that the debate was one that class-conscious workers should not have been drawn into – on either side. Participating in the exercise could only line workers up behind one or other faction of the ruling class. The stories peddled by both sides – that somehow workers would benefit from the British state either maintaining or ditching their relationship with EU institutions – were full of lies and imagined, but non-existent, benefits.

The vote to leave the EU – the so-called “Brexit decision” – was not the preferred outcome for the majority of the ruling class. We are aware that such a statement needs a degree of explanation. In this article we comment on how the British bourgeoisie have found themselves in such a mess. We also examine how the British state and, in particular, its Government continue to be confronted with the need to “make the best of a bad job” – always from their own perspective and always acting in the interests of the minority who own and control the means of production.

## **1960s onwards: the bosses’ preferred strategy**

The post-imperial British role is something that has vexed the British bourgeoisie at least since the Suez adventure<sup>[1]</sup> which came just before the Treaty of Rome.<sup>[2]</sup> Following the “winds of change”<sup>[3]</sup> speeches and De Gaulle’s “Non” to the first British approaches to the Common Market, the British capitalist class has continued a balancing act between US imperialism and commitment to a counter-challenge from a regenerated Europe – i.e. within NATO but keeping links of loyalty (in fact relative subservience) to both USA and the Franco-German heart of the Common Market/EEC/EU.<sup>[4]</sup>

Linked to the above, within the EU, the British state has maintained a position “in the slow lane” of European integration. This was exemplified by its refusal to join the Schengen border-free zone or the Euro currency structure. Even in December 2017 the UK, along with Denmark and Malta, maintained that approach, refusing to commit to the new European “Defence Force” which is, incidentally, a further ratcheting up of preparations for war.

The Brexit vote has posed an existential challenge to the ability of the British bourgeoisie to maintain that strategic approach.

## 2015-16 – ruling class's plans “go awry”

“The best-laid schemes o’ mice an’ men gang aft agley” (Robert Burns, *To a Mouse*) ... and for the current British ruling class, so can ill thought-through plans built on arrogant assumptions and self-delusion.

To summarise, abandoning the UK’s trading arrangements and political-economic positioning within the EU is not in the interests of the UK capitalist class as a whole<sup>[5]</sup> Yet, we have now arrived at a historic rupture where the Parliamentary “Executive” (i.e. Government) is in a position where it needs to be seen to deliver a package that breaks with at least 50 years of bourgeois strategy. Apart from the loss of the network of trading arrangements, and the various “mutually beneficial” EU institutions, the British state machine is confronted by a whole series of knotty problems – including the status of Gibraltar and the “Overseas Territories” in the Caribbean. Closer to home, there are huge conundrums to be addressed – notably around the movement of workers between EU and UK and the apparently insoluble issue around the status of Northern Ireland and its land and sea borders.

The present crisis was triggered by the foolish and arrogant decision by the Cameron clique to call a referendum, confident of a “Remain” vote – the desired result for both the British and EU bourgeoisies. One of their big errors was the underestimation about the large layer of voters, mainly working class or around its fringes and including layers often wary of the electoral charade, who saw the exercise as a rare opportunity to aim an effective blow against the “establishment”.

The liberal Joseph Rowntree Foundation summarised that phenomenon in sociological terms in the 4 points below (available 7 January, 2018 at <https://www.jrf.org.uk/>):

*The poorest households, with incomes of less than £20,000 per year, were much more likely to support leaving the EU than the wealthiest households, as were the unemployed, people in low-skilled and manual occupations, people who feel that their financial situation has worsened, and those with no qualifications.*

*Groups vulnerable to poverty were more likely to support Brexit. Age, income and education matter, though it is educational inequality that was the strongest driver. Other things being equal, support for leave was 30 percentage points higher among those with GCSE qualifications or below, than it was for people with a degree. In contrast, support for leave was just 10 points higher among those on less than £20,000 per year than it was among those with incomes of more than £60,000 per year, and 20 points higher among those aged 65 than those aged 25.*

*Support for Brexit varied not only between individuals but also between areas. People*

*with all levels of qualifications were more likely to vote leave in low-skill areas compared with high-skill areas. However, this effect was stronger for the more highly qualified. In low-skilled communities the difference in support for leave between graduates and those with GCSEs was 20 points. In high-skilled communities it was over 40 points. In low-skill areas the proportion of A-level holders voting leave was closer to that of people with low-skills. In high-skill areas their vote was much more similar to graduates.*

*Groups in Britain who have been 'left behind' by rapid economic change and feel cut adrift from the mainstream consensus were the most likely to support Brexit. These voters face a 'double whammy': While their lack of qualifications put them at a significant disadvantage in the modern economy, they are also being further marginalised in society by the lack of opportunities that faced in their low-skilled communities. This will make it extremely difficult for the left behind to adapt and prosper in future.*

The fact is that the analysis showed that many of the most 'disadvantaged' showed their dissatisfaction in a referendum which could deliver no benefits to them either way. For anyone who wants to eradicate the system that breeds hardship and alienation this only highlights how far away we are from a class-based analysis or resistance.

### **Bourgeois dictatorship and periodic political anomalies**

In the imperialist epoch, elections and other voting sleights of hand such as referendums are part of an elaborate facade. Their purpose is to obscure the reality of the dictatorship of the bourgeoisie. The legislative and executive machine can never effectively challenge the power of capitalism even if it so wished.

That material analysis has nothing in common with the conspiracy theories about "hidden hands" controlling every detailed product of each voting exercise. Just taking into account British General elections, it is clear that the bourgeoisie are not able to "micro manage" every ballot. Immediately after the First World War the British bourgeoisie were confronted by the Irish Nationalist Sinn Fein "sweeping the board" in Ireland in the 1919 General Election. In 1974 the electoral system produced two unstable results, just as the UK had taken its place in the EU. An election in February produced a hung parliament. A repeat exercise in October created a fragile Labour majority.

In the run up to the present political mess the electoral circus produced a confused arithmetic in 2010 resulting in the "ConDem" coalition. In 2017, with the "challenges" of Brexit already plain to see, the far from strong and stable initial May premiership was replaced with the squabbling "ship of fools" that passes for the second version. The icing on that particular cake is the disproportionate influence granted, at a considerable financial price, to the Democratic Unionist Party (DUP). The particular irony of the DUP achieving their position of glory, is their obsessive concern for Northern Ireland and



its place in the United Kingdom. To add to the bosses' Brexit night terrors, the DUP's vision is in absolute contradiction with the UK and EU's supposed commitment to not reintroducing a physical border between Northern Ireland and the Republic of Ireland.

Beyond General Elections it is also clear that there are occasional "unexpected consequences". We have commented previously on Jeremy Corbyn's emergence as Labour Party leader. Certainly this was not the wish of the Labour Party establishment – a crucial part of the bourgeois order. It was however, facilitated by the imposition of "One Member One Vote" which was aimed at destroying the visible power of the Trade Union "barons"/"baronesses".

### **Splits within the bourgeoisie**

Marxists have often observed that the government is, in fact, a committee for managing the collective affairs of the bourgeoisie. The corollary of that statement is that the role of conciliating differences is necessary because of sectional differences – the state is unable to eliminate those fractures.

The capitalist class is, in its very essence, divided within itself. The competition that started between enterprises owned by individuals and later elevated to corporations, joint stock companies, trusts, cartels, multi-national corporations, etc. is at the very core of capitalism's rapaciously destructive dynamic. However, their system could not have survived without the sort of compromises that were originally identified by the likes of Hobbes and Locke<sup>[6]</sup> in the very early days of bourgeois political power in England. The competing capitals quickly learnt how to play the ideological game of "national unity" while revelling in being part of a socio-economic construct where the "devil took the hindmost", both from amongst the bourgeoisie and from other classes.

The role of the political superstructure in imposing necessary compromises has been repeated on a number of occasions. Sometimes the economic consequences have not panned out as predicted. The last time someone tried to put the "Great" back into Great Britain also ended in disaster. When Winston Churchill, as Chancellor of the Exchequer, took Britain back on to the gold standard in 1925 he was resoundingly cheered by Parliament and praised in the press on both sides of the Atlantic. In trying to make Britain great again he was trying to restore its imperialist position as the world's leading financial nation but Churchill (and most of the ruling class) did not realise that Britain had already lost its financial power and many of its markets somewhere between Sarajevo and Versailles. Making post war British exports 10% more expensive not only exacerbated its imperial decline but led to the General Strike of 1926 and worsened the Great Depression that followed the Wall St Crash. When Ramsey McDonald reluctantly, but finally, took the pound off the gold standard in 1931, the damage was done.

Now, however, the need to subsume their internal divisions takes place not only within the framework of nation states but also across regional trading regimes, military blocs and numerous transnational organisations such as the UN, WTO, World Bank, etc. Nonetheless, the ability of the various bourgeois fractions to maintain those structures does not in any way suggest that the capitalist order is able to overcome their intrinsic divisions and antagonisms.

The bourgeoisie was divided around the UK's membership of the EU and a significant section supported a new relationship based on a qualitative break with the past. While the divisions in the bourgeoisie have become more marked with the advance of the economic crisis they are mainly divisions which have been festering for many years. This is shown by the fact that many of the leaders of today's Brexit brigade were Maastricht rebels in the 90s. From what do these divisions spring?

With the acceleration of globalisation, capitalism within national territories becomes a complicated jigsaw of nationally based and focussed institutions increasingly interacting with multinational corporations and transnational capital. The present international supply chains of industrial capital cannot be equated with the international trade in certain sectors, as in the 19th century. The bourgeois state today needs to represent and defend not only the interests of indigenous capital of the country but also the sector of international capital which has located itself within the physical boundaries of the nation state. In Britain this is particularly evident in manufacturing where US, German, French, Japanese and now even Chinese and Indian capital dominate sectors such as car manufacture, chemicals, pharmaceuticals, power generation, steel manufacture etc. This is also the case in the service industries, particularly the financial sector, where many of the major institutions are foreign owned. The British ruling class therefore protects not only the interests of "indigenous" British capital but also elements of transnational capital, which it seeks to attract, and for which it aims to provide a "safe haven".

The Remain faction of the ruling class understood that last point and understood in particular that the interests of transnational capital were best served by the UK remaining in the EU. If the UK state cannot protect the interests of transnational capital then this will certainly migrate. That switch has already become apparent, particularly from the "service sector" which has long-since displaced the traditional sectors for generating profit in the UK.

The core fact remains that the UK is not in the "big league" of imperialist powers – its economic presence is completely puny when compared to powers such as the USA or China. The only way in which it could exercise significant global economic influence today was within the "shared sovereignty" provided by the EU.

The bourgeoisie (minus the little Englanders amongst the Brexiteers) are pulling out

all the stops to keep open the less disastrous options. The decision to hold another Parliamentary vote before a final withdrawal is an attempt to strengthen their hand. The main parties are “hoist on their own petard” of paying lip service to the will of the people expressed via the ill-thought out referendum. However, there are plenty of signs of possible fudges, notably the EEA/Norway option of maintaining the trade arrangements around the “single market” and “customs union”.

Unfortunately for the ruling class, the present party configuration in the House of Commons makes it difficult to see how a Tory government, supported by the DUP, could deliver such a “soft Brexit”. On the other hand, a push towards a “hard Brexit”, based on the UK becoming a second-rate pawn in the global economy, seems equally undeliverable given the presence of a rump of “soft Brexiters” amongst Tory MPs.

Marxists do not have mystical abilities to see the future but it is definitely possible that the bosses’ self-generated Brexit crisis could result in further appeals to the “popular vote” – the same population that have been the highly “un-consulted” victims of the economic crisis for many decades. As always, we appeal to the class-conscious minority to argue for an active rejection of any such further referendums or elections, “snap” or otherwise.

### **2018 – capitalist options offer us nothing**

The material basis for the current deep division in the bourgeoisie is the cul de sac of the economic crisis. Successive governments have used all the instruments possible to manage the crisis and now preside over a relative stability based on yet more debt and even lower wages.

The section of capital that believed they could cut away from the global economy found powerful supporters amongst the media owners, including the corporations that publish the *Mail*, *Sun*, *Express* and *Telegraph*. To head off that lobby, the Cameron Government was happy to grant the referendum and end the possibilities of being electorally outflanked by UKIP. The questions that keep coming back are: 1. This was not an election decision but a referendum decision – referendums are not part of the constitution and parliament is not obliged to accept them. 2. There was no attempt to say that a change of status of this magnitude required a certain percentage of the population to vote for it (as has been done in the past). This almost frivolous lack of leadership cannot be simply put down to Cameron’s myopic strategy. The political class as a whole went along with it, and even the most hardened Brexiters did not really think that the vote would go against the core interests of the entire ruling class.

When the referendum was held more than a quarter of those entitled to vote refused to do so. However, it is clear that only a tiny fraction of those abstentions were based on a clear understanding of how the bosses’ voting spectacles are nothing more than a

cover for the reality of domination by a minority class. Such low levels of consciousness and basic awareness of the nature of class struggle result from decades of the working class being pushed back during the ongoing crisis of profitability. As it was, many working class people who had never voted, who had never been given a simple “yes” or “no” option, and who had been marginalised and alienated by globalisation, now had a chance to give two fingers to the “Establishment”. The increased turnout in many working class areas was what tipped the vote and astonished the ruling class.

How can the British bourgeoisie get away with their share of this political idiocy and the havoc caused by factional divisions permeating their political structures? Precisely because, and only because, they currently face a proletariat whose class consciousness has been reduced to a minimum and where the ability to start even the most basic economic or social resistance is short-lived and atomised.

The lack of a working class response (for a long time now) gives the bourgeoisie the luxury time to have a squabble like this without it bringing the state down; one of the three criteria Trotsky defined in his *History of the Russian Revolution* as revolutionary was a split in the bourgeoisie (the others being an economic crisis and a combative alternative in the class). Regarding the options around the EU, of course a debate about a “national” and not a class issue is excellent for confusing the class.

Our conclusions remain plain – none of the various options for positioning the British state within the world imperialist order (including the Corbyn doctrine)<sup>[7]</sup> offer any real gains for the working class. Its emancipation from capitalist exploitation will take longer. It requires an autonomous struggle outside all the reformist bodies and programmes that the system tries to use to keep us quiet. It requires a rediscovery of our class awareness and as part of that the creation of an international revolutionary party to coordinate and guide the struggle against a global system. This will not come soon but a start has already been made by ourselves and other revolutionaries like us. Its time for those who understand this, but so far only read and comment on social media or wherever, to join the living and breathing movement.

**KT**

## **Notes**

1. An invasion carried out in 1956 by Israel, UK and France aimed at curtailing Egyptian nationalist resurgence (occasioned by Nasser’s nationalisation of the Suez Canal). It was called off in response to pressure from the USA. It was seen as a significant point in defining the UK’s declining imperial position in the post World War Two order.
2. The Treaty of Rome (March 1957) was signed by France, Germany, Italy, Belgium, Netherlands and

Luxembourg to establish the European Economic Community, the predecessor of the European Union.  
3. "Winds of Change" – speeches delivered early in 1960 in Accra and Cape Town by the UK Prime Minister, Harold MacMillan. The speeches prepared the way for territories in the British Empire to become independent capitalist states.

4. The UK joined the European Economic Community at the start of 1973 alongside Denmark and, significantly, Ireland.

5. The UK bourgeoisie is not alone in allowing the political superstructure to develop serious faults. The election of Donald Trump is perhaps the most blatant example. In Germany, forming a coalition is proving to be a protracted interruption, or possibly an end, to Angela Merkel's Chancellorship which is also affecting the EU's ability to progress Brexit and other issues. The Spain/Catalonia impasse is also developing into an ongoing crisis for another significant EU member.

6 Thomas Hobbes and John Locke – 17th century English political philosophers.

7. Corbyn speech to the United Nations in Geneva, 8th December, 2017, calling for "Governments, civil society, social movements and international organisations" to create a more equitable world order. At 7th January 2018 available at <https://labourlist.org/>. For our views on Corbynum see <http://www.leftcom.org/en/articles/2017-08-01/corbynism-%E2%80%93-leftists-illusions-about-labour> and all articles previous to that one.

**The English translation of**

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**by**

**Onorato Damen**

with an introduction for English readers of the debate between Bordiga and Damen and its significance for revolutionary politics today. The work is divided into two halves, the first dealing with the exchanges between Bordiga and Damen and the second focussing on a critique of what Bordigism later became in the hands of Bordiga's 'epigones' or followers.

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## China: Long Held US Fears Becoming Reality?

Last year we wrote

*"... a decade after the explosion of the speculative bubble there has been no solution to the global economic stagnation which it provoked. With no economic solution in the offing and with the different problems of the various great powers mounting the way has opened up for new and more desperate political forces to make their presence felt. We can see some of these in the new climate of nationalism across the globe and in the growing number of openly enunciated threats by the great powers on the planet towards each other. Add to all that the fact that we have arrived at a point in history where the greatest power of all on the planet for the last century is facing new challenges to its economic and military dominance not seen since the collapse of the USSR." ("Russia, China and the USA's New World Disorder" in *Revolutionary Perspectives* 09)*

We followed it up with a shorter piece on our website in November entitled "China Openly Declares Its Imperialist Ambitions"<sup>[1]</sup> Nothing that has happened since undermines the analysis in either article. Today, there is no shortage of flashpoints around the world which could provide the opening scene for the next great imperialist confrontation. Whilst North Korea and the USA play nuclear Russian roulette with the fate of the planet, the increasing tensions in the Middle East and North Africa now engulf almost everywhere from Libya to Burma/Myanmar. At the same time the unfinished business of the war in Eastern Ukraine stimulates military manoeuvres along the entire Russian border by both Washington (in NATO guise) and Moscow.

Of course, this is not an exhaustive list of all the barbarous conflicts that imperialist rivalries are inflicting on so much of humanity, and there will be many more to come, but what we would like to focus on here is the new sharpening of imperialist rhetoric in the rivalry between the US and China. What makes this rivalry so dangerous in the longer term is the global mismatch between the world's latest economic powerhouse, China, and the greatest military power humanity has ever seen in the USA. Although direct conflict is not likely in the immediate term, this rivalry has been open for some time (as we showed in the articles mentioned above). It became even more explicit at the end of 2017. In October Xi Ping cemented his power at the top of the Chinese Communist Party declaring that the "China Dream" was to become the world's top dog in 2049 (exactly a century after Mao came to power in Beijing).

Trump was not slow to respond and the publication of the new US Strategic Plan in December 2017 gave him the chance to openly declare that "China and Russia want to shape a world antithetical to US values and interests". Trump refers to both as "rival powers" but only once in Russia's case whereas China gets several mentions.

And harping back to his “China is raping our economy” theme he added “The United States will no longer turn a blind eye to violations, cheating, or economic aggression.” Both sides, in their different ways, are preparing their next moves.

### **Rebuilding the Silk Road**

China’s strength lies in its enormous trade surplus with the world. Its weakness is that it lacks oil and gas resources. Both require secure trade routes. However, China is surrounded by over 400 US military installations including the deployment of the latest THAAD missiles system in South Korea. In a world which is dominated by US control of the Indian Ocean and the Pacific, China needs to find other ways to ensure its trade security.

This is why the Chinese Communist Party is pushing forward plans to finance and build infrastructure which will span the continents of Europe and Asia from the Atlantic to the Pacific. The ultimate aim is a Eurasian trading bloc which if allowed to develop unchallenged by the US, could one day effectively see it shut out of many of its traditional markets and isolated as no more than a regional power.

On the 14 May 2017 China welcomed 29 Heads of State or their representatives to a two-day summit to celebrate its \$900 billion initiative, “One Belt One Road”. Even Japan and South Korea, who contest China’s bid for hegemony in the region, sent representatives. Most other countries engaged in territorial disputes with China over the South China Sea issue, including Vietnam, Indonesia, and the Philippines also sent official delegations. India and Pakistan also took part. The summit appears to have been a successful exercise in Chinese soft power. In an about turn, the Japanese Prime Minister signalled his intention at G20 2017 to participate in the Belt and Road Initiative (BRI) and the Philippines’ trade minister has chosen to set aside the country’s maritime border dispute with Beijing in the South China Sea and focus on building economic links.

Based in Beijing, the Asian Infrastructure Investment Bank (AIIB) was created in 2014 by 57 founder member countries<sup>[2]</sup> including Germany, France, Italy and Great Britain, with 24 more prospective members expected to join. The bank became operational at the end of 2015. At the time, the US suffered a humiliating diplomatic setback when it tried and failed to dissuade its friends and allies from joining. US policymakers assumed that its Asia-Pacific allies would willingly sacrifice the economic opportunities offered by China’s initiative in order to deny Beijing a geopolitical win at Washington’s expense. They underestimated China’s economic pulling power, with only Japan succumbing to US pressure. The AIIB, created for project infrastructure investment, and the Silk Road Fund, intended for investment in related businesses will work together towards developing the initiative. Hong

Kong will be a key financial gateway for BRI, helping to find financial partners for BRI projects. The scale of BRI both in terms of ambition and funding is enormous and dwarfs the post war US Marshall Plan. The *China Times* estimates that the total value of the Silk Road Economic Belt, when it is complete, will be an astronomical \$21.1 trillion. This is a long term development plan which contrasts starkly with the policy short-termism that predominates in the US and Europe.

The Belt and Road initiative (BRI) has two main prongs: one is called the 'Silk Road Economic Belt' (the belt) and the other the '21st Century Maritime Silk Road' (the road). In fact, the 'road' is not actually a road but rather a sea route linking China's southern coast to East Africa and the Mediterranean. The 'belt' is a series of overland corridors connecting China with Europe, via Central Asia and the Middle East. Work has already begun to put in place an infrastructure for the continent's economic integration by funding infrastructure projects across Asia and Europe. Beijing plans to lay down an elaborate and enormously expensive network of high-speed, high-volume railroads, motor-ways and airports; as well as oil and natural gas pipelines across the vast breadth of Eurasia. For the first time in history, the rapid transcontinental movement of critical cargo such as oil, minerals, and manufactured goods will be possible on a massive scale, thereby potentially unifying that vast landmass into a single economic zone stretching 6,500 miles from Shanghai to Lisbon. In this way, the leadership in Beijing hopes to shift the locus of geopolitical power away from the maritime periphery and deep into the Eurasian heartland.

Significant progress has already been made on the China-Pakistan economic corridor (CPEC), a huge project of more than \$62 billion<sup>[3]</sup>, which demonstrates the growing economic and political relationship between Pakistan and China. The CPEC is about 3000 kilometres long consisting of a vast web of pipelines, motor-ways, power plants, wind farms, factories, airports and railways, creating an estimated 1 million jobs .

CPEC will connect China's Xinjiang province to the rest of the world through Pakistan's Gwadar port. The project has been divided into different phases. The first phase of the project is the completion of Gwadar International Airport and the development of Gwadar Port. Chinese companies are scheduled to complete the first phase by the end of 2017. Other small projects in the China Pakistan Economic Corridor include the expansion of Karakoram Highway. A fibre-optic line will also be placed in between the two countries to ensure better communication. Pakistan, one of the major countries in South East Asia and a US ally, is already raising the possibility of distancing itself from the US orbit as it sees the possible economic benefits from closer co-operation with China.

The economic corridor is a way for Pakistan to eliminate its transportation problems and both countries to tackle their energy crisis. For China, CPEC represents one of the



biggest investments it has ever made in a foreign country but as one of the major oil importers in the world CPEC will give it a safe and sustainable pipeline route for its oil imports.

In early 2017 Chinese wagon trains loaded with Chinese manufactures arrived in Hamburg, Madrid and London from Yiwu in Zhejiang province. The 7,500 mile journey took 18 days and passed through 7 countries. The trains, following the old silk road through central Asia, then across Russia, Belarus and Poland into western Europe are unlikely, initially at least, to have a decisive effect on present patterns of trade because of the necessity to switch freight containers at various points due to different track gauges. It will take time to address these kinds of infrastructure problems especially given the political obstacles emanating from the EU.

The real importance of this is the impact it is likely to have on European businesses and governments, since a network of rail links reduces the distance between Asia and Europe and facilitates trade and commerce. It indicates how the dynamic of capitalist globalisation is now much more complex than simply the transfer of manufacturing from the old industrial heartlands to cheap labour, low cost China. Now China itself is looking for secure supply lines, raw materials and new markets and in so doing posing questions for both Russia and the EU (not to mention the UK) about the wider repercussions for their role in reshaping the international imperialist line-up. Similarly for Asia as a whole, if BRI succeeds the land mass would be more integrated economically. A Chinese railway through Myanmar for instance would provide a route to the sea that bypasses the pinch point of the Strait of Malacca. At the same time, though, these apparently straightforward technical projects also present a threat to established powers, not least Japan and South Korea. At the moment Japan seems to have decided to go along with the project, in so far as 'opening up' could also benefit its balance of trade.

Vast infrastructure projects in central Asia and Africa are designed to mop up China's excess industrial capacity in such industries as steel, cement and aluminium; and to secure sources of raw materials. Beijing wants new investment channels to expand its presence in Europe. The Chinese government wants to draw the rich European nations closer to China. Its vision is to do this by recreating the sea and land routes of an earlier era of globalisation. The Chinese government sees The One Belt One Road idea as being the basis by which the great land mass of Eurasia becomes over time the vital fulcrum of its global power. Their biggest problem is that there will be much political resistance, especially from the European Union states who also have to agree to any investment as stakeholders in the AIIB. This is why the Chinese government still maintains here the mask of *taoguang yhanghui* ("We should conceal our capabilities and avoid the limelight") advocated by Deng Tsao Peng even though it has adopted a more aggressive and bullying policy with its island building in the

South China Sea.

The projects that make up the Belt and Road Initiative are thus medium to long-term projects, which will be completed over the next two or three decades. A more immediate benefit to China comes in the form of soft power exactly at the time that the US is retreating into “an America First” position. US sinologist David Shambaugh of George Washington University says that China spends approximately \$10 billion a year on foreign-language media abroad, Confucius Institutes, educational exchanges, foreign aid, cultural festivals abroad, and generally trying to portray China as a defender of the international order, trade, and globalisation.

However, One Belt One Road, represents a major extension to this effort and Trump’s dropping of the US-backed Trans-Pacific Partnership (TPP) free-trade agreement, which includes Vietnam but excludes China, is a blunder that leaves the way open for China to extend its influence in the region. President Xi has already taken advantage of this by calling for a pan-regional Free Trade Area of the Asia-Pacific (FTAAP), which will essentially be a consolidation of existing free-trade deals between China and other regional economies. This, together with the deals that will be made as a result of the BRI, are likely to increase China’s influence in the region.

### **The Challenge to the USA**

Long the dominant power in the world, the US consciously pursues policies which intend to keep the world that way. However, over the last few decades entire libraries have been produced with warnings of the US’ imminent demise.<sup>[4]</sup> US policymakers are acutely aware that other great powers have risen and fallen before them. Not least amongst these is the British experience.

At the turn of the 20<sup>th</sup> Century, Great Britain’s national debt stood at around 30% of GDP and the pound was the world’s undisputed reserve currency. The first imperialist world war caused Britain’s national debt to increase from £650 million to £7.4 billion which became £21 billion by 1945.<sup>[5]</sup> The bulk of these debts were owed to its major creditor, the US, which emerged at the war’s end as the world’s strongest economy and military power.

No surprise then that at the Bretton Woods Conference it was decided that the world’s reserve currency would be the dollar which would be fixed at \$35 an ounce of gold.

A gold-backed dollar worked very well for the US during the long post war boom years. But when the laws of capital accumulation inexorably reasserted themselves in the form of the decline of the rate of profit, the cycle of accumulation entered its phase of decline. The clearest sign of this was that the US was forced to take the dollar off the

gold standard in 1971 leaving only US Treasury debt as the basis for global reserves. The balance of payments deficit stemming from the US' declining competitiveness and lower profit rates – by the 1970's the US was a net importer of goods – pumped dollars abroad and was exacerbated by foreign military spending. Some of these never returned to the US but became petrodollars or Eurodollars whilst others ended up in the hands of central banks that recycled them to the US by buying Treasury securities, which in turn financed the US domestic budget deficit. This gives the US economy a unique financial free ride, enabling it to finance its deficits seemingly ad-infinitum without creating an inflationary crisis that would have been the case for any other state. The balance of payments deficit has thus financed the US domestic budget deficit for decades. The post-gold international finance system, boosted by such things as the petrodollar, obliges foreign countries (the Chinese government alone holds around \$3.5 trillion) to finance US military spending whether they like it or not. And the US uses its "free" military and naval apparatus to police oil routes and ensure that oil producing countries continue to trade in dollars.

One annoying fact for the US in the post-1945 world was that the Soviet Union had fought its way to the Elbe so that Europe became divided into two blocs dominated by the US and the Soviet Union. The US allowed the Soviet Bloc to form because US strategic thinkers thought that the Eastern European Soviet Bloc countries would soon be brought into the more dynamic Western bloc economy because of their inherent economic weakness. However, the Stalin regime enforced non-convertible currencies on them effectively locking out the dollar. Maoist China came on the scene in 1949, and together with the Soviet Bloc, half of the world's population was frozen out of the "free market", engendering the tense stand off between the blocs known as the Cold War. This period came to an end with the collapse of the Soviet Union in 1989.

The collapse that US strategists had been predicting in the Eastern European Bloc countries actually occurred in the Soviet Union first. The repeated failure of reform amid the strain of competing with the US in a continual arms race led the Soviet economy to breaking point. The resulting triumphalism of the "Free World" at the "collapse of communism" made the US believe that, as the only super power, it could now use military might around the globe as it pleased. The first Iraq war was followed by Afghanistan and the second Iraq war. Although Saddam Hussein's fate and the destruction of the Iraqi economy effectively preserved the remaining oil trade for the US dollar, the huge cost of these military adventures, in terms of both financial and political capital, has been disastrous for the US; and demonstrated the limitations of purely military interventions. The hallmark of Obama's time in office was the exercise of "smart power" and a multilateral approach which tried to reinforce US allies.<sup>[6]</sup> It also led to a reining back on costly military interventions which only exacerbated the national debt in order to improve the US's international image. Currently, the US

is in a difficult position because the use of hard power (under Bush) then soft power (under Obama) has created a sense of incoherence. This has been exacerbated by divisions over foreign policy between Trump's cabinet, other state departments, the CIA and the US military. So much so, that it's difficult to see what direction US foreign policy is taking.

It was not always thus. In the 1990s Zbigniew Brzezinski, the US's top strategist from 1977 to 1981 under President Jimmy Carter, and an adviser to the Clinton administration understood that the end of the Cold War hadn't made US geopolitical strategy obsolete. He argued that,

*"Eurasia is the world's axial super-continent. A power that dominated Eurasia would exercise decisive influence over two of the world's three most economically productive regions, Western Europe and East Asia. A glance at the map also suggests that a country dominant in Eurasia would almost automatically control the Middle East and Africa. With Eurasia now serving as the decisive geopolitical chessboard, it no longer suffices to fashion one policy for Europe and another for Asia. What happens with the distribution of power on the Eurasian landmass will be of decisive importance to America's global primacy and historical legacy... Eurasia's potential power overshadows even America's."*

Brzezinski died in 2016 but his warnings have been ignored and effectively undermined by the Trump administration.

### **US Foreign Policy Manoeuvres**

During the US presidential election campaign Trump was very critical of US military adventures around the world, particularly in Afghanistan, which he described as "a complete waste" and the Middle East where he criticised the \$6 trillion that the supposedly non-interventionist Obama had wasted on conflicts. He felt that the US and Russia should instead cooperate in defeating ISIS. He declared just after the election: "The destructive cycle of intervention and chaos must finally come to an end," and he promised that the US would be pulling back from conflicts around the world that are not in America's vital national interest.

However, Trump in office has seen fit to undertake no less than five acts of foreign aggression in a few short months. The first was a joint operation with Emirati commandos in Yemen, which backfired, leading to the death of a Navy SEAL. The second was an attack on a Syrian airfield, in response to an alleged poison gas attack. The third is the escalation of military manoeuvres in the seas around North Korea. The fourth is the bombing of a cave network in Eastern Afghanistan using the "mother of all bombs". And the fifth is the deployment of more troops to Northern Iraq and Eastern Syria ostensibly to step up the fight against ISIS.

The rhetoric is also being ramped up against the US's long-term bogeyman, Iran. In addition Trump has done a full U-turn on withdrawing troops from Afghanistan. He is also seeking Congressional approval for a 10% increase in defence spending totalling \$54 billion, a massive increase which, to put it in perspective, is almost equivalent to Russia's total defence budget of \$66 billion.<sup>[7]</sup>

Far from being apparently random acts announced using twitter, or over dinner with President Xi, they are consistent with foreign policy objectives of the US since the end of the second imperialist world war. The US is concerned about the emergence of a new potential rival in the form of China, which has ambitions to become the dominant player in Asia and beyond. Military actions send it a message about who is still militarily the dominant force on the planet.

The US is also pushing Russia into becoming a closer ally of a China that is looking to extend its influence into Europe as much as it is in Asia. Facing US economic sanctions and military encirclement, Putin is looking increasingly towards the East. Putin said in February 2012, *"Russia is an inalienable and organic part of Greater Europe and European civilization. Our citizens think of themselves as Europeans...That's why Russia proposes moving towards the creation of a common economic space from the Atlantic to the Pacific Ocean, a community referred to by Russian experts as 'the Union of Europe' which will strengthen Russia's potential in its economic pivot toward the 'new Asia.'"*

Russia's relative weakness has led Putin to commit to greater cooperation with China and its Eurasian common economic area. Putin places much store in the Shanghai Cooperation Council where China and Russia combine to keep the US out of Central Asia. However, China has increasingly drawn Russia's old Central Asian satellites, towards it as a result of its BRI expansion. China imports oil from Kazakhstan; natural gas from Turkmenistan, Kazakhstan, and Uzbekistan; uranium from Kazakhstan; operates gold mines in Kyrgyzstan and Tajikistan; and is searching for rare earths in Tajikistan. The infrastructure projects Beijing has financed in Central Asia, the roads, railways, and pipelines, lead back to China. Consequently, tensions with Russia have increased because Russia's political and economic influence has been reduced. There are also local tensions as a result of the influx of Chinese workers. But for now Putin is content to ignore this, seeing Russia's economic and political future as a junior partner in One Belt One Road.

The US cannot afford to allow these ambitions to remain unchallenged, which is why US media has alleged that Moscow intervened in the US presidential elections and that Russia is a serial aggressor that poses a growing threat to European and US national security. This has been going on since Trump's election. It has been accompanied by a NATO build up in Europe, proxy military interventions in

the Middle East and by the recent ramping up of economic sanctions, which are incidentally, deeply unpopular with the US' European allies, especially Germany, which gets one third of its energy supplies from Russia.

It might seem at first sight that NATO's recent land and sea exercises in Eastern and Southern Europe as well as the Black Sea frontiers of Eurasia are provocations designed simply to anger and intimidate Russia. It might also seem that the US' presence in Iraq and Syria is designed to anger and intimidate Iran. But they are at the same time provocations designed to send China a strong message. And this message is being sent at various points along the "New Silk Road".

In Poland US soldiers have been deployed as part of troop rotations to Europe that the Pentagon has said are intended to bolster ties with NATO allies and send a clear message to Russia. The Polish government allowed more US troops to enter Poland to take part in the recent NATO exercises.

In Romania the US has also built a ground-based \$3.9 billion Patriot missile defence system at a site that is just 900 miles from Moscow. The US missile system which was "certified for operation" in May 2016, cancels-out Russia's nuclear deterrents and undermines the last vestige of Russia as a world super-power.

One Belt One Road had been announced by China in the Autumn of 2013 and Ukraine's President at the time Viktor Yanukovich visited China in December of that year where he met with Chinese President Xi Jinping. During the meetings, China agreed to invest \$8 billion into the Ukrainian economy. A few months later, the US organised coup took place in February 2014. The US thus annexed a vital land-bridge between the EU and Asia, enabling it to try to control critical rail and pipeline corridors that are drawing the two continents of Asia and Europe closer together.

The New Silk Road's maritime route into Europe goes through Greece where the Chinese state have purchased the port of Piraeus. From there it will pass by Albania and Montenegro via the Ionian and Adriatic Seas. For this reason, the US has been fomenting Albanian extremism in Macedonia, which has a large Albanian minority, in an attempt to weaken the position of President Gjorge Ivanov. The effect is to threaten the existence of the small Balkan state. Furthermore, the US has been deeply supportive of the "Greater Albania project"<sup>[8]</sup>, which would see Albania annex not only parts of Macedonia but also parts of Serbia, Montenegro and Greece. Montenegro's recent, deeply controversial membership of NATO<sup>[9]</sup> will only exacerbate the problem, since the country remains divided politically, and has close ties to Serbia which remains a Russian ally. One of the US's main aims with "Greater Albania" is to destabilise Serbia. The New Silk Road's path into southern Europe thus faces more than a few problems.

Another hotspot of US making along China's New Silk Road is in North-Eastern Syria. This is also an area in which Syrian Kurds are growing increasingly vocal about independence. Should the US support Kurdish nationalists in northern Iraq and North Eastern Syria, this could create two decidedly pro-US camps along the New Silk Road. If Syrian and/or Iraqi Kurdish nationalists manage to establish a union with the Kurdish nationalist PKK in Turkey, the New Silk Road's pathway into Turkey could also be threatened; just as the Syrian Ambassador to China has confirmed that China will be given priority in the rebuilding of post-conflict Syria. In July 2017, the China-Arab Exchange Association in cooperation with the Syrian Embassy in Beijing held the Syria Day Expo where Representatives from over 1,000 Chinese businesses specialising in redevelopment, infrastructure and investment met with Syrian officials.

Far from just being a large repair initiative for Syria's damaged infrastructure, Chinese developmental and investment cooperation could lead to long-term mutual benefits for both China and Syria. Due to Syria's position on the Eastern Mediterranean and its good relationship with both its Iraqi neighbour and Iraq's eastern neighbour Iran, Syria is well placed to be an important stop on China's New Silk Road. The idea that in a few years time, Syrian ports could be an important export route for Chinese goods into other parts of the Mediterranean is one that may come to fruition. The clear loser in such a deal would be the US. In order to counter this therefore, the US continues to increase its presence in Syria.

Ships on the maritime New Silk Road are set to pass through the Bab-el-Mandeb Strait, which links the Gulf of Aden to the Red Sea. Currently, the Strait is under naval blockade from the US's ally Saudi Arabia. The results of this have led to a humanitarian disaster for the Yemen, which is the subject of the Saudi blockade. The presence of US friendly Saudi ships could also become a threat to China's shipping routes to the Red Sea.

These flash points on the geopolitical map all look, on the face of it, like aggression and antagonism towards Russia, Syria and Iran. While this is undoubtedly true, they are also in fact, key strategic interventions which either involve direct military aggression or military/naval build ups, broadly tracing the path of the Chinese land and maritime silk roads. The Chinese do, of course, have a degree of flexibility about the path of the land and maritime silk roads and will alter the path as necessary. However, the US is trying to put as many barriers in its way as it can by situating itself or its proxies in areas designed to make China's commercial/trade expansion as difficult as possible. It seems certain that as China begins to extend the logistical element of its global trade dominance, so too will the US seek to disrupt it wherever it can.

Meanwhile China is using a strategy of building up relationships with its Eurasian neighbours and fostering Eurasia wide infrastructure and trade development

to overcome the US; whereas the US relies almost exclusively on military power, deception, covert activity and financialisation.

### **The Challenge to Dollar Hegemony**

As we saw above the US has been able to pass much of the cost of its own economic decline and inflationary spending onto foreign users of the dollar for its own benefit <sup>[11]</sup>. However, by publicly complaining about the way in which the US takes advantage of the dollar as world reserve currency, it is clear that the Chinese and their partners have been actively seeking to alter the balance of power and challenge the dollar's supremacy.

Arguably, the world is already bi-polar in terms of its most powerful economies. China is now the world's biggest exporter of manufactured goods. It is the biggest car producer, exceeding the US and Japan combined in 2009. In the same year it also surpassed the US as the biggest car market in the world with car sales increasing by 50% to 13.64 million, while US sales fell by around a fifth to 10.43 million. China is second only to the US in oil consumption and is the biggest energy importer (gas and oil) in the world. China has already reached the point where it can no longer continue to grow without directly challenging the dollar's supremacy. And this is exactly what it has begun to do.

Dollar hegemony stands in the way of China becoming a true equal of the United States for a number of reasons. Dollar hegemony allows the US to spend well in excess of half a trillion dollars every year on military spending. The US Defence budget dwarfs that of China and Russia combined.<sup>[12]</sup> Effectively, with its holding of around 3.5 trillion in dollars and US treasuries, China pays for its own encirclement by the US army and navy. The dollar is the currency in which trade in oil is denominated and if China buys oil from the Middle East it must pay in dollars. China's huge dollar holdings (largely in the form of US treasuries) represent a high risk since China is vulnerable to dollar devaluation or inflation; and following the 2008 global financial crisis, China also realised that, given the weakness of the international monetary system, dollar dependency would be a major risk moving forward. A further difficulty for China is that the US has a tight grip on the world financial system. The majority of world trade is still in US dollars and the US also controls the international trading system, Society for Worldwide Interbank Financial Telecommunication (SWIFT) through which international trade is largely conducted.

For these reasons China has been acting to undermine the dollar as world reserve currency. A start was made in 2001 when the Shanghai Cooperation Organisation (SCO) was founded by the leaders of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Aside from its political objectives, this represented an early move to



challenge the dollar, with a Framework Agreement to enhance economic cooperation, and a long-term objective to establish a free trade area in the SCO agreed in 2003, where the dollar would be excluded. India and Pakistan joined as full members in June 2017.

In 2009 China and Russia called on the IMF to replace the dollar as the world currency with a new currency based on IMF special drawing rights. As the west and especially the US control the IMF and World Bank it predictably failed.<sup>[13]</sup> China has since sought to undermine the World Bank and the IMF. One way was via the creation of the New Development Bank in July 2014, with its head office in Shanghai. The Bank is run by the BRICS countries. Each country has a 20 percent shareholding and voting rights. The bank says all members of the United Nations could join the bank. However, the BRICS nations can never be less than 55 percent of the voting power. The bank is intended to help develop growing economic relations among nations who wish to promote trade and investment and industrial cooperation and, at the same time, avoid US dominated financial institutions like the IMF. The NDB currently has 23 projects costing \$6 billion, including \$1.7 billion in China and \$1.8 billion in India. In 2016 the bank provided over \$1.5 billion in financial assistance.

China itself has also established its own institutions like the China Development Bank and the China Export-Import Bank. These are the tools through which it funds overseas developments. In 2010 they overtook the World Bank in supplying such loans for the first time.<sup>[14]</sup>

China is seeking wider global use of the renminbi (RMB), in line with its status as the world's second-largest economy and to challenge the US dollar. Renminbi internationalisation accelerated in 2009 when China established the "dim sum bond"<sup>[15]</sup> market and expanded the Cross-Border Trade RMB Settlement Pilot Project, which helps establish pools of offshore RMB liquidity. In November 2010, Russia began using the renminbi in its bilateral trade with China. This was soon followed by Japan, Australia, Singapore, Great Britain and Canada. As a result of the rapid internationalisation of the renminbi, it became the eighth-most-traded currency in the world in 2013.

As a founding member of BRICS, as well as a major energy exporter, Russia has been leading the way in acting against the dollar. Other nations are now following Russia's example: Iran and India announced in 2016 that they intend to settle all outstanding crude oil payments in rupees, as part of a joint strategy to dump the petrodollar and trade instead in national currencies. This is a bold move by Iran since, as the CWO has pointed out before<sup>[16]</sup>, Saddam Hussein was overthrown because he instituted a policy of selling oil for euros, not dollars. As a result, there is little doubt that the threat to dollar hegemony was discouraged. But things are beginning to change and

China quietly announced in 2016, that it will launch direct trading of its currency, the renminbi, with the riyal of Saudi Arabia and also with the dirham of the United Arab Emirates. This may pave the way for future oil sales between China and Saudi Arabia to be settled in renminbi, which would represent a major blow to the petrodollar. Another incentive for Saudi Arabia to trade its oil in renminbi is that Russia is now the top crude oil exporter to China. A few years ago, Saudi Arabia enjoyed a 20% share of Chinese crude imports, while Russia was lagging far behind with 7%. Now the Saudis find themselves neck and neck with Moscow for the lead in Chinese market share, with both supplying 13-16% of China's oil needs. Russia's share continues to grow as Saudi Arabia's falls because Russia is prepared to accept renminbi for its oil.

There are 23 countries outside of China, which are creating new currency swap lines outside of the dollar including Russia, India, but also significantly, Germany, France, and the United Kingdom. This means that the Eurozone itself is preparing to go outside of the dollar, and make use of a new central banking system.

China's currency reached another major milestone on its march towards internationalisation by breaking into the top five most-used global payment currencies in 2015.

According to data from SWIFT, the international currency clearing system, 2.2 per cent of the world's payments were conducted using the Chinese currency in December 2014, putting it above both the Canadian and Australian dollars for the first time. The renminbi now sits just behind the Japanese yen, which was used for 2.7 per cent of transactions, the British pound, the euro and the top-ranked US dollar. Use of the renminbi is still well behind that of the euro and the dollar, which together account for three-quarters of all transactions, but growth has been rapid and is set to grow still further. During 2014, payments made in the Chinese currency more than doubled the previous year's, and have risen 361 per cent since the end of 2012.

There is a momentum towards moving away from the dollar as world currency. What still stands as a major barrier in its way is the understanding that Saudi Arabia and OPEC countries have with the US in ensuring oil transactions remain denominated in dollars under the 1970's Petrodollar agreement. But even this may be about to change as Saudi Arabia is drawn towards direct trading with China for oil. Saudi Arabia has even publicly stated that ties to the U.S. are open for renegotiation.<sup>[17]</sup>

One way in which China has been running down its estimated \$1.5 trillion in treasury securities is by buying gold bullion. It has been doing this in very large amounts since 2011. China has a target volume of gold reserves that it is trying to build. No one knows precisely what that target is, nor how much gold China owns. The official reported figure at the end of 2016 is only 1,843 tonnes but the real number is

certainly much larger. Diversifying out of the dollar is one reason why China is buying gold since it provides a hedge if the dollar devalues, another reason is that it may have future plans for a gold backed currency, at least in terms of commodity trading.

Beijing has now introduced renminbi gold futures contracts on the Shanghai stock exchange and a renminbi oil futures contract is expected to be launched in the near future. China has long wanted to reduce the dominance of the US dollar in commodities markets. Other commodity futures contracts will be set up over time. This will ensure that foreign traders in commodities and wholesale goods, in particular oil, can sell forward the renminbi they receive in return for gold, increasing the attractiveness of trade finance settled in renminbi compared with dollars. The crude oil futures market will be the first commodity contract in China open to foreign investment funds, trading houses and oil firms. The resulting circumvention of US dollar trade would also allow oil exporters such as Russia and Iran to avoid US sanctions by using this market. In time, renminbi payments for all commodities will have convertibility into gold using the Shanghai Gold Futures Market when it gains greater depth, making it superior to the dollar as a settlement currency. This would give China an advantage over nations only able to offer fiat currencies in exchange for oil, especially during times of financial crisis. The current lack of international confidence in the renminbi as a currency would become irrelevant if it is backed by gold.

All of these measures have been gradual. China has been implementing them quietly and behind the scenes. It is early days, but already, it is becoming increasingly clear that the world economy is dividing into two spheres: a dollar sphere in which central banks in Europe, Japan and many OPEC and third world countries hold their reserves in the form of US treasury debt of declining foreign-exchange value; and a BRIC-centred sphere, led by China, Russia, India and Brazil reaching out to include Turkey, Iran, most of Asia, large parts of Africa and major raw materials exporters that are running trade surpluses. In the BRIC-centred sphere, countries are gradually becoming well supplied with renminbi in order to trade directly with what will eventually become, on all measures, the biggest economy in the world.

### **Conclusion**

So far the Chinese imperialist challenge to the US is economic and financial. However it still needs to break the stranglehold of dollar hegemony in order to further develop as a global economic powerhouse that can challenge US imperialism's dominant role in the world. This will not be easy but by encouraging the growth of a free trade area outside of the dollar and providing a new financial infrastructure it hopes to achieve it.

This by no means implies that China is neglecting the necessary military build-up to back up this challenge. It launched its first aircraft carrier in 2011 and in June 2017 launched a record new 10,000 tonne guided-missile destroyer. It has been modernizing its navy, especially in the development of submarines to protect the maritime Silk Road and to defend territorial waters. It has no hope of contesting the US militarily on a global level so its aim is to develop sufficient military strength to defend its own regional interests. We have already seen this in the South China Sea where China is building artificial island bases and disputing rights to reefs and islands with other South East Asian nations. The purpose of this is to demonstrate to its neighbours that the US is powerless to prevent China doing what it wants in what it sees as its own back yard.

China's strategy is based on the fact that, because the US is an outside power, its leadership in Asia depends on formal and informal alliances with countries in the region. Beijing appears to have decided that the best way to undermine US leadership is to weaken those alliances. By applying carefully graduated degrees of pressure on US-aligned countries like Japan and the Philippines over long-running territorial disputes, China is trying to show that the US is no longer willing to confront China on their behalf. For example, five months after Obama's Asia Pivot speech<sup>[18]</sup>, China called his bluff by launching the first of its direct challenges to US resolve in the East China and South China seas. It used armed ships to muscle the Philippines out of disputed waters around the Scarborough Shoal, which had traditionally been under Philippine control. When Manila asked for military support, Washington refused as it was not willing to risk a confrontation with China over an uninhabitable reef. Beijing won its point and soon Philippines President Duterte was making overtures to China. The more China succeeds, the more US leadership in Asia diminishes, and the further China's power and influence will grow. The strategy is not simply about demonstrating US weakness in the Asia-Pacific region, it is also about leveraging China's massive economic resources to buy the goodwill of neighbours in the region. The Chinese leadership believes that BRI will ultimately give China leadership of the entire Asia-Pacific region. President Xi Jinping calls this "a time of strategic opportunity" to challenge US leadership in Asia and build "a new model of great power relations" in Asia, with China at its head.

The dilemma for the US – and the threat for the world – is that over time China will catch up with the US militarily as well as economically. It's a long way off. The US has 737 military bases (and more non-military installations) around the world in over 150 countries. It spends \$600 billion a year on "defense". Russia has just raised its expenditure to \$131 billion and China to \$66 billion. However at some point the US will arrive at the same dilemma which faced the German General Staff in 1914. Their calculation was that by 1916 they would lose what military advantages they had over their imperialist rivals so were facing a pivotal decision and thus gave the green light

for support to Austria and Armageddon followed.

The world's ruling classes know the consequences of the two previous world wars and that has been a major factor in the avoidance of another one so far. However, the other factor was that until recently there has not been a major power demanding a change in the 1945 world order. The Cold War remained largely "cold" because both the USSR and the USA had fundamentally "done well out of the war".

The difference today is that the capitalism is on life support. The crisis that erupted in 1971-3 has never gone away despite all the technological changes it has provoked. Basically the capitalist world needs a major devaluation of capital if it is to restore profit rates and begin a new cycle of accumulation. They have tried everything else from Keynesianism to neo-liberalism ending up with the deregulated speculation which finished in tears ten years ago. Since then the system has been propped up by printing money and debt.

In fact, central banks are now the biggest owners of stocks and shares amounting to a staggering \$15 trillion.<sup>[19]</sup> The US, European and Japanese Central banks are propping up bond and stock markets to the tune of billions every month. This keeps interest rates low, which is the only way this level of debt can continue. The tipping point will come when interest rates start to rise and make the astronomical levels of debt unsustainable. Central banks will not be able to take on the resulting debt burden as they did after the 2008 crash.

A major crash wiping out trillions of dollars would lead to a very deep depression and it's difficult to predict what the social consequences of this would be for capitalism. And with all other options exhausted, the prospect of global imperialist conflict will be all the closer. The current USA-China rivalry will be the axis around which any conflict will take place.

## **Ergosum**

### **Notes**

1 <http://www.leftcom.org/en/articles/2017-11-04/china-openly-declares-its-imperialist-ambitions>

2 Final list of founding members of the AIB:

Australia, Austria, Azerbaijan, Bangladesh, Brazil, Brunei, Cambodia, China, Denmark, Egypt, Finland, France, Georgia, Germany, Iceland, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Luxembourg, Malaysia, Maldives, Malta, Mongolia, Myanmar, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Portugal, Qatar, Republic of Korea, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Thailand, Turkey, UAE, United Kingdom, Uzbekistan, Vietnam

3 According to Wikipedia - [https://en.wikipedia.org/wiki/China–Pakistan\\_Economic\\_Corridor](https://en.wikipedia.org/wiki/China–Pakistan_Economic_Corridor)

4 The classic being Paul Kennedy's *The Rise and Fall of the Great Powers* but there are a whole host of alarmist books mainly emanating from right-wing conspiracy theorists.

5 [https://en.wikipedia.org/wiki/History\\_of\\_the\\_British\\_national\\_debt](https://en.wikipedia.org/wiki/History_of_the_British_national_debt)

6 2009: Under the Obama administration, smart power became a core principle of his foreign policy strategy. It was popularized by Hillary Clinton during her Senate confirmation hearing on January 13, 2009 for the position of Secretary of State: Source: Wikipedia

7 <https://www.globalsecurity.org/military/world/russia/mo-budget.htm>

8 <http://global-politics.eu/2017/01/25/greater-albania-united-states-project-orthodox-world/>

9 [https://en.wikipedia.org/wiki/Montenegro–NATO\\_relations](https://en.wikipedia.org/wiki/Montenegro–NATO_relations)

10 <http://www.leftcom.org/en/articles/2009-04-15/the-end-of-the-paper-economy-and-some-possible-consequences>

11 World Trade Organisation Report 2009

12 China and Russia defence spending in 2016 was \$131.57 billion and \$66 billion respectively. So less than two fifths of US spending combined.

13 "China calls for new reserve currency" *Financial Times* 24 March 2009

14 "The US puts the World Bank under renewed fire" *Financial Times* 16 October 2017

15 <http://www.investopedia.com/terms/d/dim-sum-bond.asp>

16 <http://www.leftcom.org/en/articles/2008-03-01/five-years-since-the-occupation-of-iraq>

17 Ahead of James Mattis' meeting in Riyadh on April 18 2017 with Saudi King Salman bin Abdul-Aziz Al Saud and Deputy Crown Prince and Minister of Defence Mohammed bin Salman, Zuheir Harithi, the chairman of the Foreign Affairs Committee of Saudi Arabia's Shura Council, told *Al-Monitor* that US policy in the past three years has been vague and confusing for the allies, including Saudi Arabia. He added that policies made during the Obama era need to be reconsidered in a way amenable to Gulf countries. He confirmed that there are positive signs indicating that Trump is serious in dealing with regional issues.

18 The "Pivot" or as the Obama Administration re-termed it "Rebalance" was a redirection of military resources that had been freed up by withdrawing forces from Afghanistan and Iraq to be redeployed in East Asia. In November 2011, Secretary of State Hillary Clinton claimed that the nation had reached a "pivot point" allowing it to "redirect" resources that had been going to the wars in Iraq and Afghanistan to Asia. The administration's January 2012 defence budget guidance claimed that the Pentagon would "rebalance toward the Asia-Pacific and Middle-East regions." Later, the Middle East was dropped.

19 <http://uk.businessinsider.com/1-trillion-in-central-bank-asset-buying-2017-4?r=US&IR=T>

# On the Future International

## Editor's introduction

*The following article is intended to be part of a longer document or pamphlet of the Internationalist Communist Tendency (ICT) and has been drafted by the CWO for further discussion in the ICT. It should thus be read in the context of earlier documents which we have already published on the party and class issue which put the issue in its wider context. Particularly relevant is the document from **Revolutionary Perspectives 08** on the role and structure of the revolutionary organisation at <http://www.leftcom.org/en/articles/2016-08-28/the-revolutionary-party-and-the-working-class> as well as a document subsequently published on our site at <http://www.leftcom.org/en/articles/2016-10-13/the-party-question>. We hope with these articles to stimulate a discussion amongst the new elements who have recently come to the tradition of the communist left ideas as well as to state clearly for those we have discussed for some time the basis of our perspectives on the issue of party and class.*

## On the Future International

Today we find ourselves with a capitalism in deep crisis and a proletariat so fragmented and disorganised that it only resists the imposition of war, austerity and increased poverty in sporadic fashion. It may thus seem premature to be contemplating a process by which we might arrive at a future working class International. However, even in this dire situation there are many new elements around the world who recognise the stagnation, if not bankruptcy of the system. They are debating and discussing online and face to face in small groups here and there precisely how, if ever, the proletariat will emancipate itself. In doing so they are, like us attempting to re-acquire the experience of past workers struggles. What follows is our contribution, based on what we consider to be the historical lessons learned by the proletariat, to that necessary discussion.

The current cycle of capital accumulation entered its downward spiral more than 40 years ago. After the longest boom in capitalist history (c. 1948-71) we have now lived through the slowest bust. This almost stagnant economic system has been sustained by an unprecedented state intervention which has allowed the system thus far to avoid total meltdown. Much of this time it has reduced the average wage of the majority of workers, but their losses have not been enough to stimulate recovery, let alone prevent the massive accumulation of debt, the widespread creation of fictitious capital and mini-booms and busts throughout that time.

It has also produced the dislocation and disorientation of the one class that constantly

stands in objective opposition to the capitalist system. Many lament that throughout this period revolutionaries have not done more to unite, as if revolutionaries had an existence independent of the rest of the working class. The divisions amongst revolutionaries until now have largely been a function of the weakness of the class movement as a whole. This has not happened just in this epoch but throughout working class history. When the class is re-forming itself, in new conditions after a period of retreat, the first responses are inevitably stumbling and various. It is only when the movement really begins to become widespread and take on a mass form that a tendency for revolutionaries to bury past differences, and abandon old shibboleths, becomes more pronounced. As the path the working class takes becomes clearer the demand for the creation of a political organisation of the class with a clear vision of communism becomes louder.

Some will argue that this is not necessary. They will argue that the “spontaneous” movement of the class will be enough to take it to victory. We have great confidence in the emergence of an elemental movement of a working class which will finally decide one day that it can no longer go on living in the old way and under the old conditions. The first assault on the system will inevitably be unforeseen and of this nature. Such a movement can go far, but that is not the end of the matter. The forces acting against it will not give up easily. They will seek all means possible to derail the movement from overthrowing the state and going on to found a new way of organising economic and social life. At a certain point they will put on masks, adopt false ideologies and attempt to direct the movement onto a course consistent with the continuation of the system.

We know this from history. If these forces are not fought politically by the working class then they derail the movement. Let’s take two contrasting examples. In the Russian Revolution the spontaneous movement overthrew the Tsar in February but, whilst the workers were still fighting on the streets, the bourgeoisie and its allies were setting up a government which intended to rob the workers’ soviets of the fruits of their victory. The Russian working class were not taken in by this, and more and more, put their trust in the one organised body which unambiguously supported soviet power and internationalism – the Bolshevik Party. Although it was a small minority it had existed in the working class for years before the revolution, and two thirds of its members were workers. Its slogans helped orient the movement to go beyond the parliamentary system that the capitalist class (aided by the other so-called socialist parties) was trying to impose. Ultimately the working class made the Bolshevik Party their instrument, and after it had gained a majority in the soviets across the country, it became the spearhead of the revolutionary insurrection.

Contrast this with Poland in the 1980s. Here the workers spontaneously occupied shipyards and rejected the authority of the Stalinist state. However in a supposedly communist country there was no revolutionary political party they could turn to.



Into this vacuum came the Catholic Church and Polish nationalists (and behind them all, the CIA). They directed the movement away from being about workers to being about “democracy”. In short the Polish workers’ struggle became the victim of an inter-imperialist rivalry.

We know too that amongst the working class its awareness of the need to destroy capitalism will strike some (a minority) before others, and any coming together of these rejectionists of capitalism will remain a minority. The domination of the bourgeoisie over the means of production (including of ideas) means that the political instrument of the class conscious workers will always remain a minority before the outburst of revolution. The more this minority delivers a consistent political message, with a coherent organisational shape, and seeks to operate within the wider working class, the more it can become part of the living class movement. When the movement needs to be clear about its aims and the direction it needs to take, the revolutionary minority, or in other words the political party, has a key role to play in combating bourgeois ideology, by putting forward a programme before the whole class based on the historical lessons and acquisitions of its own previous struggles.

These acquisitions tend to be forgotten over time. One of the key elements in the Communist Manifesto was

*“The communists are distinguished from the other proletarian parties by this only: 1. In the national struggles of the proletarians of the different countries, they point out and bring to the front the common interests of the entire proletariat, **independent of all nationality.** 2. In the various stages of development which the struggle of the working class against the bourgeoisie has to pass through, they always and everywhere represent the interests of the movement as a whole.”* (Communist Manifesto (Pekin 1975 edition) p.49) (our emphasis)

From its earliest days the modern communist movement has centred on the universal and internationalist character of the working class. When the First International was founded in 1864 Marx and Engels considered it to be their greatest achievement. Marx announced that at last the working class had an instrument independent of all bourgeois parties which could now boast that “The emancipation of the working class will be the task of the workers themselves”. However this was a little premature. The First International was riven by divisions between English trades unionists, Proudhonist mutualists and the shadowy rivalry of Bakunin’s Alliance for Social Democracy. Some individual Internationalists played a role in the Paris Commune but by then it had virtually ceased to exist as a real organisation.

It was to be another twenty years before its successor, the Second International emerged. This was explicitly based on national sections which were far more dominant than the International Socialist Bureau which nominally coordinated it. It brought

together various traditions in the workers movement and was not exclusively Marxist. Indeed the Marxist wing of the movement was increasingly marginalised by the rising power of the Social Democratic trades unions. In the end it dissolved into its national components as party after party (with the exception of the Russian, Polish, Rumanian, Serbian and Bulgarian parties) all voted war credits to their respective nations at the start of the First World War.

Despite efforts to reunite socialists against the war (Zimmerwald and Kienthal) no new international arose to replace the Second International. It was only with the triumph of the Russian proletariat and the October Revolution as the first step in the world revolution that the question of a new international was once again seriously posed. However in war-torn Europe establishing a revolutionary or Communist International was not easy, and it was not until 1919 that it held its first meeting in Moscow.

The new International promised much. Under the influence of the Russian Revolution communist parties began to appear across the world which then sought affiliation to the International on the basis of its 21 conditions. However these parties were largely new, often with young leaders and certainly in awe of the achievements of the Russian comrades. As a result the Russian party dominated the International from the start (just as the German Social Democratic Party was seen as “the Party” (Trotsky) of the Second International). This was to have disastrous consequences for the Third International and its constituent parties.

As the revolution in Russia retreated from its original promise, the Russian Communist Party increasingly saw the International as a means for garnering support for “Russia” – i.e. the new Russian state order that was ambivalently and ambiguously equated with the Russian Revolution. But support for a state whose priority was increasingly to survive in the (stabilising) capitalist world order increasingly meant abandoning the goal of world revolution. World revolution was the only thing that could have revived the revolutionary potential in Russia. In 1921 the International adopted the policy of going “to the masses” which in practice meant trying to make a common front with the various social democratic parties of the revived Second International. The latter had stood as the bulwark of capitalism against the workers’ revolution in every country (especially in Germany where they were complicit in the murder of Luxemburg and Liebknecht and hundreds of communist workers). A year later the Comintern transformed “going to the masses” into the policy of the “united front” which demanded that the new young communist parties seek alliance with those that they had just split from a few months before. The Third International thus became a tool of the new rising class in Russia, and ceased to be a vehicle for international revolution.

What does the experience of the last revolutionary wave demonstrate? By its very nature the struggle of the working class to overcome capitalism will be a lot different

from that of the bourgeoisie in its struggle against feudalism. The bourgeoisie developed its form of property under feudalism and built up its wealth and power inside the old system before it replaced it. The proletariat's revolution is different. We have no property to defend. Our strength comes from our capacity for common collective action. And the proletarian revolution cannot come about through a mere chasing of immediate interests. The proletarian revolution has to be a conscious revolution. Under capitalist conditions though, some workers will come to recognise the need to overthrow the system before others. It is only natural that this minority form a political organisation to express their conscious aim of creating a new society.

Under social democracy the working class was organised in national parties which acknowledged their membership of the Second International. But this International was a mere postbox rather than a coordinated leadership of an international class. In any case it built a mass movement overwhelmingly dedicated to reformism. The revolutionaries in it were largely marginalised as the outcome in August 1914 demonstrated. This left the revolutionary working class without an International until the aftermath of the Russian Revolution. The Third International arrived too late to act as it was intended – as the vanguard of the world revolution. Given the enormous prestige of the one working class that had succeeded in throwing over its ruling class and thus became the beacon of world revolution it was not unnatural for the Russian party to wield considerable influence in the International. But as the Russian Revolution turned in on itself the International very quickly abandoned world revolution for policies to defend a Russian state which by now was detached from its original class base. The imposition of “bolshevisation” on the new parties denuded them of their real revolutionaries and turned the International into just another agency of the USSR in its fight for a place amongst the “concert of nations”.

The lesson is clear. In advance of any revolutionary outbreak anywhere there needs to be an International of some kind. This

*“cannot be a Federation of more or less independent parties with differentiated policies based on claims for different national situations. Therefore it is more correct to speak of an International Party. The nature, structure and statutes of this International Proletarian Party must homogeneously shape each and every national section. Its political platform must be the common patrimony, homogeneously developed together by all sections and all militants.”*(M. Stefanini *The New International Will be the International Party in Internationalist Communist* 20 (2001)

Homogeneity here does not mean a total identity of agreement on every issue but does mean agreement on a common platform and ultimately a common programme. This can only be thrashed out by the widest discussion within the International. The International Party (or whatever it comes to be called) has to have a centralised unity

in action to defeat the class enemy but a meaningful unity is not arrived at without constant dialogue between its members. The Bolshevik Party, contrary to Stalinist mythology, was full of factional debate but, despite all the differences, this did not prevent its various sections from demonstrating their capacity for initiative or from becoming the vehicle the working class seized upon and transformed into the spearhead of revolution. On the contrary it was the fact that so much debate had been created by the direct and concrete connection that the mass of the members had inside the working class that helped it to become an instrument of the wider working class movement in 1917. Members of the future International thus cannot contribute to the real movement of emancipation unless they have direct links to the class as a whole. Communists have to win the right to be listened to.

The militants of this International will participate and attempt to guide any future revolution, to encourage the autonomy of the workers' struggle through the establishment of class wide organs. They will participate at every level as far as possible but the International will not be a government in waiting. Its task remains the spreading of world revolution. This means that although its militants may accept delegation by the class wide bodies in any area the International as a body it does not rule. As Onorato Damen wrote in the 1952 *Platform of the Internationalist Communist Party*

*"There is no possibility of working class emancipation, nor of the construction of a new social order if this does not emerge from the class struggle ... At no time and for no reason does the proletariat abandon its combative role. It does not delegate to others its historical mission, and it does not give power away, not even to its political party."*

This is our vision of the shape of the future International but where do we start from today? After forty years of restructuring the fragmentation of the class today is reflected in the dispersal of revolutionary energies. Some have been discouraged by the divisions amongst revolutionaries which they put down to each defending their own parochial views. However these differences have been real differences and are based on the various efforts that have been made to deal with the counter-revolutionary legacy of the failure of the post-World War One revolutionary wave. Over time some differences have come to be recognised as less important than they once seemed but the road back to a revolutionary revival of the working class is a long one. This should not be seen as a negative factor but as a necessary part of the process of the development of class consciousness. Along the way important debates have been, and are still, necessary. Without sharp debate to clarify issues the proletariat will never be in a position to have a solid programme on which to fight the next big onslaught on capitalism.

At the same time the tenuous links between revolutionaries and the mass of the class

have to be deepened and strengthened. Each local political organisation has to adopt means to maintain its contact with wider layers of workers who may not yet consider themselves revolutionary but do know that they want to fight the misery that capitalism brings. In the post-war boom, in the light of their understanding that the trade unions are antagonistic to organising anti-capitalist resistance, a key strategy put forward by the Internationalist Communist Party was that of factory groups which included members of the party and non-members in several workplaces (including FIAT). However with the decline of the huge factory concentrations of workers these are no longer the basic tools for organising in the class. Instead "territorial groups", sometimes comprising a collective of militant groups from local workplaces, sometimes groups fighting on other issues (e.g. war, housing and jobs) have been adopted. The key here is that the political organisation must still aim to exist in the places where the mass of the class itself is present. The party is not only not an entity which is formed at the last minute but it is also not something that only turns up when a struggle takes place. It has to be part of the life of the class but without succumbing to the cancer of reformism to make artificial short term gains.

At present the presence of revolutionaries in the class is very embryonic but, as the crisis deepens, as more workers come to realise that there are no capitalist solutions to their problems, then the possibility to work more widely will present itself to revolutionaries. Once the working class begins to move then the practical movement will tend to take on board that programme which most meets its real needs. However this does not mean that revolutionaries wait around with folded arms until the great day. There will be no great day unless those who are already communists struggle for that perspective as widely as possible inside the fighting organisations the working class itself creates.

The International (or at least a large nucleus of it) has to be in existence in advance of the outbreak of the revolutionary crisis. It is "narrow" in the sense that its Platform and programme are based only on the revolutionary lessons of the class struggle so far. Within that framework all debate is possible and the party is organised along democratic centralist lines (i.e. ultimately all issues are voted on by the members). At the same time the party will also allow for the existence of factions and tendencies over issues which have not already been settled or when new aspects of the existing programme arise. They must have the full right of debate and publication of minority opinion since there will be many new challenges on the road to revolution and there are still many issues which history has not yet answered for us. The health of the organisation depends on the robust exchange of opinions. Ultimately this is also the healthy way in which the party can develop if it is to act as a centralised force when required to by the situation of the world revolution.

Without a shared understanding of the general lines of march (even if there is not totality of agreement) no meaningful policy will be carried out. At the same time,

discussion and debate prepares each individual party member to act autonomously as a revolutionary should when required by the immediate local situation. There is no statutory mechanism for ensuring this. It lies in the preparation and consciousness of individual members and this can only come about through a party which has a lively culture of education and discussion.

Although we have adopted these principles in our statutes the Internationalist Communist Tendency, as we have repeated many times, is not that party, nor even the sole nucleus of a future party, since the conditions for it do not yet exist. However, we have not just appeared from nowhere. We are in the tradition of the Communist Left of Italy which founded the Communist Party of Italy, section of the Third International in 1921. When our predecessors were then removed from leadership of that party by the process of so-called "Bolshevisation" (in reality the antithesis of everything that was revolutionary about Bolshevism) they continued to fight for internationalism and revolutionary politics in the factories of France and Belgium as well as the prisons of Fascist Italy. It was from the confluence of these two currents that the Communist Left reunited in the Internationalist Communist Party in Italy in 1943. It kept alive and even developed revolutionary politics despite attempts to annihilate it by the henchmen of Stalin and survived through the post-war boom to act as a focal point for the establishment of the Internationalist Communist Tendency. The Internationalist Communist Party has a long history of trying to find common ground with other groupings and tendencies. Even though these did not often result in agreement the door to dialogue has always been kept open. It is in that tradition that the Internationalist Communist Tendency operates today.

In our fight for communism we have constantly raised the issue of the International, or International Party. Unless the world working class forges this political tool as part of the rise of its revolutionary consciousness we will be facing yet more defeats in the future. Our earnest hope is to engage with those new forces which do come to a consciousness of the need to overthrow the system, to give them a political compass, something to rally around, whilst at the same time, we seek dialogue with those forces which already exist to actively cooperate where possible, agree to disagree where necessary, and ultimately to unite as history inexorably moves on and a real class movement develops.

**Draft document for the Internationalist Communist Tendency**

**Communist Workers' Organisation**

**December 2017**

# Autonomism – “Many Flowers Little Fruit”<sup>[1]</sup>

## A Response to our Critics

### Introduction

The article in *Revolutionary Perspectives 10* “Autonomism – Cutting the Ground from under Marxism” has attracted quite a lot of comment and criticism. The text was not an historical treatment of the development of Autonomism, which we recognised was a heterogeneous movement extending over a period of almost two decades. It was intended to show, by looking at four elements of Autonomist theory, how theoretical errors had led the movement into a cul-de-sac. However, we recognise that some of the general comments made in the introduction are too categorical and were historically inaccurate. We are grateful for corrections of fact and for further information which has been provided, in particular by the comrades of Mouvement Communiste.

However, the arguments on three of the four main issues of the text, namely the existence of working class autonomy, the rejection of the Marxist labour theory of value, and Marxist crisis theory have not been seriously challenged. The more significant criticism has been over the need for political organisation or a political party and its formation which was the main thrust of the text. This criticism can be divided into two main categories. The first admits the need for a party for the overthrow of capitalism but argues that the party will arise from the workplace struggles on their own while the second argues that the party is no longer needed at all and that it is a relic of the past. We have dealt with the second view, with which we completely disagree, in other texts and do not intend to consider here.<sup>[2]</sup>

In addition the text has been criticized for its failure to highlight the organisation and methods of struggle which the Autonomists used in their struggles with capital. These are strategies of struggle which the ICT largely supports and which we consider are key to successful class struggle today. Although this was not the focus of the previous text we recognise that this is the most important legacy of the Autonomists period which should be more widely known. We will review this below together with the question of the formation of the party.

We wish first, however, to reiterate our criticism of the general political thrust of the Autonomist movement which was not stated strongly enough in the previous text.

### **Autonomism’s failure to break with the left of capital**

Our critics have pointed out that various sections of the movement did form political organisations contrary to the assertion in the text that the movement did not form a political organisation. The text’s statement was incorrect and should have been qualified

to say that no single organisation was formed and those which were formed did not survive the 1970s.<sup>[3]</sup> However, for us the key point, which was made in the text, was that the organisations which were formed did not break from the politics of the capitalist left and consequently could not give the movement a coherent anti-capitalist direction.

Our critics point to the political organisations Potere Operaio (PO), Lotta Continua (LC) and Avanguardia Operaia (AO) as examples of political organisations which were formed by the movement. While this is true, it is also true that all these formations collapsed in the 1970s. It is also true that they gave their support to the left wing of the capitalist class. We note for example that:

Potere Operaio, argued the Italian Communist Party (PCI) was not integrated into capitalism because the rank and file blocked such an integration. It was, PO instructed its members, **mandatory** for workers to join the (PCI) and struggle against the reformists in the party.<sup>[4]</sup>

PO also, as we mentioned in the previous text, urged workers to support national liberation struggles which amounts to submitting the interests of the working class to the interests of the national bourgeoisie.

LC called for voting for the PCI in regional elections in 1975 and together with AO joined an electoral coalition, Democrazia Proletaria<sup>[5]</sup>, in 1976. Later both organisations called for voting for the PCI in national elections. The call for voting for the PCI in national elections was launched after the so-called "*historic compromise*" or democratic alliance of the PCI with the Christian Democrats in 1976.

For us there can be no justification whatsoever of any support, however critical or qualified, for the PCI. This party, like the Italian Socialist Party (PSI), showed itself to be an arm of the bourgeois class from the 1930s. This has been illustrated time and again, not least in the period spanned by the Autonomist movement. The Autonomists were opposed consistently by the PCI often with open violence. Autonomist militants were expelled from the PCI dominated union CGIL<sup>[6]</sup> and from the party itself. Some were beaten up. An example of this was when PCI thugs beat up a workers' committee at the Innocenti factory near Milan for organising a strike against redundancies in October 1976.<sup>[7]</sup> The PCI compiled lists of Autonomist "trouble makers" and handed them to the bosses leading to militants being made redundant. Later, during the period when the Red Brigades' assassination of Aldo Moro provided the pretext for the full force of the state to be brought down on the Autonomist movement, the PCI handed their lists to the prosecuting judge, Calogero. Judge Calogero, himself a PCI member, issued arrest warrants for many Autonomist militants in April 1979. This resulted in many comrades spending years in prison on completely false charges.<sup>[8]</sup>



But it did not need these attacks on the working class to prove that the PCI was an arm of the capitalist class. The PCI supported the side of “democratic” imperialism in World War Two. The anti-working class consequences of this became clear when the party started to operate openly in Italy towards the end of the war. When Togliatti, leader of the PCI, returned to Italy in 1944 acting as Stalin’s faithful henchman, he announced revolution was not on the agenda. Instead:

*“What we need is economic growth within the framework of private ownership and democracy.”<sup>[9]</sup>*

In the so-called Salerno Turn he announced that the PCI would work with anti-fascist capitalist parties and monarchists to implement this, and did so by participating in all the Italian governments from 1944 to 1947. Those who supported the path of revolutionary communism found themselves trapped between the fascist police on the one hand and the bullets of the PCI on the other. The CWO’s sister party in the ICT, the Partito Comunista Internationalista (PCInt), known by its paper *Battaglia Comunista*, which was formed in 1943, found itself in this position.

The PCInt understood that the Second World War was an imperialist war, like the First, and like it should be opposed by revolutionary defeatism. They understood that anti-fascism was simply ideological camouflage for the imperialist interests of democratic capitalism. In addition the PCInt criticised:

Interclass popular alliances and united fronts which were precisely what the PCI was engaged in,

Rejected any support for the forces of war and imperialism, both of Moscow and Washington. The PCI was, of course, the tool of Russian imperialism,

Rejected the lie of national roads to socialism.<sup>[10]</sup> The PCI now announced there was a parliamentary route to socialism.

For this the PCI slandered the PCInt comrades branding them as agents of the Gestapo and launched a manhunt against them. In 1945 two PCInt comrades were murdered by PCI assassins and other comrades “disappeared” all on the orders of PCI leaders.<sup>[11]</sup> Meanwhile fascists were freed from prison and granted amnesty on the orders of the new Minister of Justice, who just happened to be the leader of the PCI, Togliatti.

We mention this sorry history today only to restate that any political way forward for the working class must entail a total break with the political forces of capitalism which is what the PCI and the PSI and their various offshoots represent. Sadly the political forces emerging from the Autonomist movement did not make this break and led the movement

into a dead end. The valuable legacy of the movement for today is in the forms of struggle it initiated.

### **Forms of organisation for class struggle**

Autonomist struggles were conducted by works committees that operated outside the official trade unions and independent of the CPI and PSI. Where there were many factories or branches of an industry in an area works committees were federated and in some regions, e.g. Porto Marghera<sup>[12]</sup>, an Autonomous assembly was formed. The purpose of this assembly was to coordinate workers struggles both inside and outside the factories. The assemblies became points of reference for other social struggles. In many areas assemblies were supported by students. In Turin, for example, there was a worker/student assembly grouping 1500 workers. Such organisation generated a tremendous social energy and solidarity with the potential to grow into a massive social movement.

Within the factories the works committees always tried to put forward unifying demands such as:

- equal increases for all rather than % increases
- guaranteed minimum wage
- reduced working hours for all
- equality of treatment for permanent and temporary workers.

The social struggles demanded such things as:

- reduction in transport costs,
- reduction in electricity costs,
- reduction in food prices,
- reduction in housing rents and occupation of empty housing.

In certain areas workers paid only what they considered a fair price for these things and in some areas these self-reductions were made official. In the province of Venice in 1974, for example, after 4 months of self-reduction of electricity bills, an official agreement to reduce the price of electricity was reached.

The "Hot Autumn" of 1969 and the years which followed in the early 70s saw a section

of the Italian working class, especially those in the large factories, escape the control of the trade unions and the PCI and PSI. They carried out class resistance to capitalism on a greater scale than anything Europe has experienced in the period since the Second World War. However, workers in the smaller factories and industries remained under the control of CGIL and PCI and in the country as a whole these organisations retained control of a major section of the working class.<sup>[13]</sup>

Yet struggles of the larger factories in the north of Italy were on a massive and widespread scale and represented a challenge to capitalism itself and the Italian state. Many who participated in these events were not sure where they were leading and hoped the movement itself would provide an answer. Others saw in what was being achieved a preparation for communism with workers gradually taking over elements of life within capitalism in the way Gramsci theorised during the occupation of the factories in 1920. However, just as in 1920<sup>[14]</sup> any permanent gains for the working class could only be achieved by taking state power. While these gains remained reforms within capitalism it was just a matter of time before the capitalist class started to take them back

Needless to say, the capitalist class was busy preparing and implementing counter measures. The first was the restructuring of production. The number of workers needed in industry was reduced by replacing workers with robots. The time to produce a car at Fiat, for example, halved between 1973 and 1979. Large concentrations of workers were broken up and production started to be shifted to peripheral countries. The giant chemical factories, which were at the heart of the struggles at Porto Marghera, are today mostly empty shells. The final blow was delivered by the state repression. As mentioned above the actions of the Red Brigades gave the state the pretext it needed, and large numbers of Autonomist militants were charged with supporting terrorism, arrested and imprisoned. This was in effect the crushing of the movement.

Despite the successful organisational forms adopted, almost all the material gains or the earlier period were taken back by the capitalist class in the 1980s. Autonomist militants meanwhile rotted in gaol and the trade unions reasserted their hold in the factories. A response to the crushing of the movement was the creation of new unions or base unions, COBAS.<sup>[15]</sup> This was a step backwards organisationally since as the new unions became recognised by the bosses they officially functioned as negotiators of the price of labour power. This soon placed them in the same situation as the official existing unions.<sup>[16]</sup>

Until the revolution succeeds the only real gains the working class can make from its struggles against capitalism are in its ability to organise itself and its consciousness of the necessity and the means to overthrow capitalism. The gains in consciousness need to be made through reflection and analysis of the problems and development of the capitalist system, workers' struggles against it, the advances and mistakes and the way forward on a global scale. This process is one which entails a dialectical interaction of theory and

practice but generally needs to be carried out outside the physical boundaries of the struggle by those prepared to devote their abilities to it. It needs to be developed within a political party which groups those who understand the need to establish communism and the need to develop the theory and practice to achieve this.

### **Can the political party be formed from the struggle organisations?**

Many who admire the Autonomist struggles admit that there is a need for a party of the working class. It is obvious that struggles need to be coordinated and this does not simply mean in a single country but internationally. It is clear that an international organisation – a party of the working class is the vehicle for this. Many today see this party as simply a tool of centralisation of struggles, a part of the unitary organisation of the working class. The question for them is how such a party can be formed. Some of those who have criticised our position on the need for a party argue that the party will emerge from the struggles in the workplaces directly.<sup>[17]</sup> This view is summed up in the statement by Luciano Parlanti a Fiat worker and leading member of Lotta Continua:

*“Organisation never creates a movement; it’s a movement that creates organisation.”*

While it is true that LC emerged from the struggles of 1968-69 it was not simply a unitary organisation but a political one. A more general statement of this thesis is that the economic unitary organisation will create the political organisation. But the political nature of the organisation the struggle creates is key. As we have attempted to show above, the organisations, such as LC, which emerged from the struggles of this period, emerged with social democratic consciousness, which led back to bourgeois electoral politics and the cul-de-sac of reformism.

To expect a coherent revolutionary party to emerge from economic struggles alone is wishful thinking. The party needs to exist before mass struggles break out and it needs have a clear political understanding if it is to give any coherent direction to those struggles; and coherent political direction is required if the struggles are not to exhaust themselves in reforms within capitalism. This is, of course, crucial in times of war or revolutionary unrest. An historical illustration of this is the situation in Germany at the time of the Spartacist revolt in January 1919. Here the KPD (German Communist Party) was formed only weeks before the uprising. It was consequently quite unable to get its platform and politics known or understood amongst the mass of the working class who remained under the influence of Social Democracy. Social Democracy, of course, wanted a democratic republic within the capitalist system and were quite happy to butcher the Spartacists to achieve this. As Onorato Damen, a founder of the PCInt, later argued that “the party could not be the product of the last minute” and that:

*“Without the revolutionary party every revolt will exhaust itself within the system.”<sup>[18]</sup>*

Attempts have been made historically to overcome the separation of working class unitary and political organisations and so combine the organisation of the economic and political struggle. This has ended in failure. In our previous document we mentioned the German AAUD-E <sup>[19]</sup> who attempted to fuse the unitary and political organisations. This led to the collapse of the AAUD-E and the theorization that the political organisation was not needed at all, and that all that was needed for the overthrow of capitalism were the workers councils. The Industrial Workers of the World (IWW) who are at present increasing their presence in the US and the UK as a type of base union (COBAS) also attempt to do this. They give the economic struggle precedence over the political. The weakness of this strategy is shown in periods of crisis when bold political leadership is required. This was tragically illustrated when the US entered the First World War in April 1917. In 1916 the IWW committed itself to:

*“anti-militarist propoganda in time of peace, thus promoting class solidarity amongst workers of the entire world, and, in time of war, the general strike in all industries.”<sup>[20]</sup>*

However, when the US entered the war, the IWW regarded the war as simply an interruption to building the organisation. It gave no political direction to its sections and left it up to each section to decide its attitude to the war. One of the most militant sections at the Philadelphia docks, which had carried out a massive and successful strike in 1913<sup>[21]</sup> saw hundreds of its members sign up for the military, and agreed a no-strike pact at the port for the duration of the war.<sup>[22]</sup> This is another illustration of the need for a clear political organisation which is able to give a political lead in times of crisis. It also shows the failure of attempts to give the economic struggle precedence over the political struggle.

As we state in *“The Future International”* in this edition the communist revolution differs from the bourgeois because the working class unlike the bourgeoisie has no property to defend. Nor can it build up islands of communism within capitalist society as Gramsci theorised. Instead,

*“Our strength comes from our capacity for common collective action. And the proletarian revolution cannot come about through a mere chasing of immediate interests. The proletarian revolution has to be a conscious revolution. Under capitalist conditions though, some workers will come to recognise the need to overthrow the system before others. It is only natural that this minority form a political organisation to express their conscious aim of creating a new society”.*

In our fight for communism we have constantly raised the issue of the International, or International Party. Unless the world working class forges this political tool as part of the rise of its revolutionary consciousness we will be facing yet more defeats in the future.

### **Can the party be formed at the present time?**

According to the World Bank there are now 3.45bn workers in the world who, together with their children, represent the majority of the world's 7.6bn population. This means that the situation we face is entirely different from that faced in 1917 when the majority of the world's population was peasantry. The revolutionary wave which followed World War One was broken and dissipated on the rocks of the peasantry. The changes in global class composition mean that today the opposition of the peasantry to communism is no longer a threat. The situation is consequently more favourable to the successful overthrow of global capitalism. In the present period we are seeing the formation of a world working class even though it does not understand itself as the force to overthrow capitalism. Capital, by globalising itself more completely than ever before is globalising its contradictions and its internal problems. It is globalising its exploited and its exploiters and producing impoverishment of its global working class. All these processes are, however, far from complete and the full contradictions of the system on a global scale have not yet been fully developed. Nevertheless the world's workers are struggling in an elemental and increasingly bitter way against capital despite the divisions of nationality, of race or religion which the capitalist class does not hesitate to engender and support. These struggles give us hope for the future. However their fragmented nature has led some to argue that the time for the formation of a global party is not yet. New forms of labour organisation and political struggle appropriate to the scale of globalization we have now achieved, need to develop before the party can be built.

Though it may be true that an international party cannot be built in the present period, a nucleus of such a party can be built today. The economic crisis of 2007/2008 was an indication of the seriousness of the economic problems capitalism is facing and the real possibility of either a social collapse or a future war. A social breakdown, however, will not on its own lead to communism, despite the dreams of the communisation tendency. Communism can only come about if there is a global organisation fighting for it and fighting for a programme to achieve it. The crisis of 2007/8 has generally shaken confidence in the system and building the skeleton of such an organisation is both possible and urgent today.

**CP**

### **Notes**

1 Assessment by M. Tronti 1978. Quoted by Steve Wright "Storming Heaven" p. 225

2 See Bordiga- Beyond the myth, <http://www.leftcom.org/en/articles/2013-05-15/bordiga-beyond-the-myth-five-letters-and-an-outline-of-disagreement>

3 Potere Operaia collapsed in 1973, Lotta Continua in 1976 and Avanguardia Operaia in 1978.

4 See Steve Wright "Storming Heaven" p. 111

5 This coalition included a spin off from the Italian Socialist Party (PSIUP) and a Maoist group.

6 Confederazione Generale Italiana del Lavoro. The largest Italian trade union.

7 See pamphlet by Mouvement Comuniste "An example of workers autonomy in Italy"

8 G. Sbrogio, a militant from Porto Marghera autonomous assembly spent 4 years and 8 months in gaol accused of being the brains behind the Red Brigades. This is just one example of many workers who were falsely imprisoned by the state. Their real "crime" was fighting for working class interests and so threatening capitalist exploitation.

9 Quoted in Steve Wright "Storming heaven" p. 7

10 See <http://www.leftcom.org/en/articles/2012-04-22/where-we-come-from-a-brief-history>

11 Mario Acquaviva and Fausto Atti, fell to the assassins' pistols. See <http://www.leftcom.org/en/articles/2012-04-22/where-we-come-from-a-brief-history>

12 Porto Marghera is the area of Venice north of the famous island. See pamphlet by Mouvement Comuniste "An example of workers autonomy in Italy:"

13 This is the assessment of PCInt.

14 This is articulated by Emanuela Furlanetto who participated in the self-imposed food price reductions. See the video "The Suspended Years" available from Mouvement Comuniste. For more on Gramsci see <http://www.leftcom.org/en/articles/2013-08-30/antonio-gramsci-pre-prison-writings-review-article> . We will be publishing a translation of Onorato Damen's Gramsci: Between Marxism and Idealism later this year.

15 COBAS acronym for Comitati di Base, or rank and file unions.

16 See recent events around the Sicobas in Italy. <http://www.leftcom.org/en/articles/2017-03-21/two-comments-on-recent-events-around-sicobas-in-italy>

17 The Angry Workers of the World (AWW) and Mouvement Comuniste support this position.

18 See <http://www.leftcom.org/en/articles/2009-11-24/the-thirtieth-anniversary-of-the-death-of-onorato-damen>

19 AAUD-E was the General Workers Union – unitary organisation.

20 Resolution at 10th annual convention the IWW 1916. Quoted in ICC International Review 125

21 See Mouvement Comuniste Letter Number 38

22 This did not, of course, prevent the bourgeoisie from attacking the organisation, smashing its offices and imprisoning its leaders for terms of sometimes 10 to 20 years. IWW members were branded as first as spies of the Kaiser and later after October 1917 spies for the Bolsheviks!

## Bukharin's Review of Lenin's "The State and Revolution"

The short review in *Kommunist No. 1* of Lenin's 1917 work *The State and Revolution* was not inserted just to fill a couple of pages. In April 1918 Bukharin had deliberate political intent. The bulk of *Kommunist No. 1* is full of searing critiques of the dangers that the revolution faced after the reluctant signing of the Treaty of Brest-Litovsk. For the "proletarian communists", as they called themselves, but "left communists" as they were dubbed by Lenin, Brest Litovsk spelled a retreat in the revolution on more than one front. We have already published the critiques of Ossinsky on the danger of state capitalism and Radek on the international policy of the revolution [1] but in the piece that follows Bukharin is playing a more subtle game.

By praising Lenin's earlier work he is reminding him of its revolutionary content and the fact that this was one of the key documents in the Bolshevik break with the deadweight of a social democratic movement that had become almost totally integrated into the capitalist system. It was also written from the perspective that only the working class as a whole could build socialism; a perspective which the majority of the Bolshevik Party had held until the spring of 1918. [2]

The Bolshevik break with social democracy began in 1914. The shock which many of the leaders of the social democratic parties, but especially in Germany, delivered to the revolutionary wing of the movement cannot be underestimated. By going against all the resolutions they had passed against war and on the mass working class action they would call on to prevent it, the social democratic movement as a whole moved over to the side of capitalism. Only the Russian, Polish, Bulgarian and other small Balkan parties stuck to their principles.

On behalf of the Bolsheviks, Lenin now denounced not only those who had voted war budgets for their governments but also those who took a pacifist stance or, like Kautsky, claimed the war was an aberration and they could get back to their reformist ways once it was over. For Lenin the war had revealed that capitalism had entered a new era. Previously he had based socialist policy on his 1899 work, *The Development of Capitalism in Russia*, which recognised that Russia was now economically largely capitalist, but politically the bourgeoisie, or capitalist class, were not in political control. Like most social democrats he saw their acquisition of power as the next necessary step in preparation for the proletarian revolution to follow. But whereas the Mensheviks regarded the proletarian revolution as something for the very distant future, Lenin could see that the feebleness of the Russian indigenous capitalist class would make their rule short and weak, and the proletariat in Russia would have to complete the task of 'overseeing economic development in Russia'?



The war suddenly made even this perspective obsolete. For Lenin capitalism as a whole had now entered its imperialist phase. The question of socialism could not be posed in national but international terms. The war crisis demonstrated the need for an international proletarian revolution. Lenin set to work to prove the imperialist nature of capitalism. In this new research he found much inspiration in the works of the liberal Englishman Hobson, but also in the book on *Imperialism and World Economy*, partially published in 1915, by a young Bolshevik theoretician Nikolai Bukharin, which he freely borrowed from for his own 1916 work on *Imperialism – the Highest Stage of Capitalism*.

Lenin and Bukharin however were not always in close agreement (such as on the question of national liberation where Bukharin was then much closer to the position of Rosa Luxemburg). In fact, the original journal *Kommunist* of 1915 only appeared once, because Lenin refused to cooperate with it after reading an article by Karl Radek on the self-determination of nations. This article was also close to the position of Luxemburg and was fully supported by Bukharin, and his associates, Piatakov and Bosh. The three of them carried their fight to the Central Committee defending their internationalist position against Lenin. They stated that “*the only correct tactic was to ‘revolutionise the consciousness of the proletariat’ by ‘continually tossing the proletariat into the arena of world policy.’*”

Lenin considered that they were not Marxists whilst Bukharin himself was politically “unstable” because “The War has pushed him toward semi-anarchistic ideas”. [The quotation and what follows is from Stephen F. Cohen *Bukharin and the Bolshevik Revolution* p.37]

Their opposition was soon to be played out again in the hotly debated issue of the state. This led, in early 1916, to another refusal by Lenin to be associated with Bukharin’s thinking. The sticking point here was an article Bukharin submitted for a *Social Democratic Collection* [Sbornik] controlled by Lenin. Lenin assumed Bukharin would write on economics but instead he drafted *Toward a Theory of the Imperialist State*. This was a brilliant document which does indeed show the impact of the war in radicalising Bukharin’s thinking.

*It is at this very moment – when state power is “murdering and destroying” the peoples for the sake of the business affairs of the ruling classes, when the most acute class struggle must become the slogan of the day for the proletariat of all countries – that the patriotic Gentlemen are putting dots over all of the ‘ls.’ In foreign policy they are becoming the ardent supporters of armaments, and by implication of imperialist slaughter; in domestic policy they are emerging as the apologists of civil peace. Once they adhered to the slogan “Peace for the huts and war upon the palaces! ”; now they have another version, “Peace for the palaces and war upon other people’s huts!” An orientation toward the class interests of the international proletariat has been replaced by an orientation toward the interests of the*

*imperialist state. The one time priests of freedom, the democrats and the socialists, have prostrated themselves before the boots of the Generals; and it is only in mockery that one can say they "did not lick the feet or even the hands of the strong." Choking with emotion, they are in fact licking both the hands and the feet of the "strong" with equal zeal.*

His survey of the role of the state was, for its day, far ahead of anything that had appeared since the death of Engels. Lenin's worst fears, though, must have been confirmed by its conclusion.

*Thus, the society of the future is a society without a state organisation. Despite what many people say, the difference between Marxists and anarchists is not that the Marxists are statist whereas the anarchists are anti-statist. The real difference in views of the future structure is that the socialists see a social economy resulting from the tendencies of concentration and centralisation, the inevitable companions of development of the productive forces, whereas the economic utopia of the decentralist-anarchists carries us back to pre-capitalist forms. The socialists expect the economy to become centralised and technologically perfected; the anarchists would make any economic progress whatever impossible. The form of state power is retained only in the transitional moment of the dictatorship of the proletariat, a form of class domination in which the ruling class is the proletariat. With the disappearance of the proletarian dictatorship, the final form of the state's existence disappears as well. [3]*

What Bukharin was doing was driving a coach and horses through the opportunism and revisionism of Social Democracy, and demonstrating its deviation from the revolutionary core of Marxism. He was not alone in this. Pannekoek in Holland and Høglund in Sweden had both underlined the ultimate anti-statism in Marxism but Bukharin was the first Bolshevik to do so. Lenin, though, refused (with "sadness") to publish Bukharin's essay on the grounds that he could not accept that "social democracy must strongly emphasize its hostility to state power". (Cohen p.39) However it was clear that Lenin at this point had not thought about the issue as deeply as Bukharin. He began his own study of the question in December 1916 and "The result was a *volte face* in his thinking". (Cohen p. 42)

By February 1917 Lenin was beginning to realise that Bukharin and not Kautsky was right after all. Bukharin, in a footnote to his essay, when it was finally published in 1925 explained how Nadezhda Krupskaya, Lenin's wife, was finally able to inform him of Lenin's change of approach.

*When I arrived in Russia from America, I saw Nadezhda Konstantinovna (this was at our illegal Sixth Congress, when V. I. was in hiding); and her first words were as follows: "V.I. asked me to tell you that he no longer has any disagreements with you on the question of the state." Dealing with this question Ilich came to the same conclusions regarding the*

*"explosion," but he developed this theme and his subsequent teaching concerning the dictatorship so fully as to constitute an entire epoch in the development of theoretical thought in this area. – N.B.*

Lenin was even then working on his own work, *The State and Revolution: The Marxist Theory of the State and the Tasks of the Proletariat in the Revolution*. Its publication would bring down the same accusations of anarchism from Mensheviks, and revisionists like Kautsky, as Lenin had earlier aimed at Bukharin.

*The State and Revolution* was no passing polemical whim but seen by Lenin as one of his most important works. This is why he asked Kamenev in the summer of 1917 that if he was "bumped off" by the Provisional Government to collect his notebook for it from Sweden and publish it. This undermines the comments of those like Chomsky who think that Lenin was "lying" and just using *State and Revolution* as a sop to win support until he got into power. It is a common prejudice of anarchists who never look at (and don't want to look at) what really happened in the first six months of the Revolution.

The first thing that has to be said is that apart from nationalisation of the banks and workers control (by which they meant mainly supervision of the bosses) the Bolsheviks had no economic programme for transforming Russia. This was logical. They knew that without a world revolution the Russian working class could never create socialism from the feeble base of Russian capitalism. They assumed they would be administering some form of capitalism until the revolution broke out in the real centres of capitalist power.

However, the Bolsheviks had only been in a position to overthrow the Provisional Government because there was an intense class struggle going on in the factories and fields across Russia. This did not stop simply because the Provisional Government had been overthrown. In the factories the workers faced open sabotage by the owners and soon either took them over themselves or demanded their nationalisation by the Soviet government. This initially took the Bolsheviks by surprise but they not only welcomed it, they encouraged it.

All through the winter of 1917-18 Lenin himself used every occasion to hammer home the same message.

*Creative activity at the grassroots is the basic factor of the new public life. Let the workers' control at their factories. Let them supply the villages with manufactures in exchange for grain... Socialism cannot be decreed from above. Its spirit rejects the mechanical bureaucratic approach: living creative socialism is the product of the masses themselves. [Collected Works (Moscow 1964) Vol. 26 p.288]*

## History

And again

*"There was not and could not be a definite plan for the organisation of economic life. Nobody could provide one. But it could be done from below, by the masses, through their experience. Instructions would, of course, be given and ways indicated but it was necessary to begin simultaneously from above and from below."* [Collected Works Volume 26 pp.365-6]

And finally

*"It is important for us to draw literally all working people into the government of the state. It is a task of tremendous difficulty. But socialism cannot be implemented by a minority, by the Party. It can only be implemented by tens of millions when they have learned to do it for themselves."* [Collected Works Vol 27 p. 135]

It seems as though the semi-state that Bukharin and Lenin theorised was coming into existence, and that in the soviets the working class had found the way to have a body to suppress the old ruling class without creating a new state power, but instead one that would wither away or transform itself into a coordinator of the producers in a classless society.

As everyone knows it did not last. The multi-fold pressures of a backward capitalist economy which had been devastated and distorted by 3 years of warfare and the isolation of the Russian workers in the face of invasions from at least 14 imperialist powers undermined the social experiments of the early months of the revolution. *Kommunist No 1* was published at precisely the point where the "heroic period of the revolution" began to go into reverse. The retreat took the form of creating new statist organisations like the Cheka and Red Army, the manipulation of soviet elections and an emphasis on productionism which required a retreat from the workers managing industry themselves. In due course it was to lead to the state capitalist monstrosity which history records as the USSR.

The precise actual point when the revolution began to retreat is difficult to pinpoint and many historians have debated it for years. For our purposes here the first indication that Lenin was abandoning his earlier enthusiasm for class initiative was in "The Immediate Tasks of the Soviet Government" which was published on April 28 1918 (but an earlier unpublished draft was completed on March 30). That is, before the second phase of the civil war had begun and after the signing of the Treaty of Brest-Litovsk.

The debate on the latter seems to have impressed on some senior Bolsheviks (Lenin among them) that the economic crisis had to be fixed. Hitherto all objections by some Bolsheviks (and many Mensheviks) that workers control was creating economic chaos had been answered with the argument that this was all part of the working class

learning process.

However, by March 1918 the bread situation was worse than ever, and industrial production was about one fifth of the 1913 level. The Bolsheviks were getting the blame. Hence Lenin was now focussing on “the terrible state of ruin, the unemployment and the famine we inherited from the war”. [*Collected Works* Vol. 27 p.243] The new emphasis was on measures to revive the economy, measures which reverted to capitalist management techniques and the introduction of specialists on much higher wages. Lenin recognised that this was “a step backward on the part of our soviet Socialist power” but his discourse is now different. Although he twice pays lip service to the idea that the self-activity of the working class was still important, “accounting”, “iron discipline”, and “compulsory labour service” are repeated much more often. Finally Lenin concludes that

*The task that the Soviet government must set the people, in all its scope, is — learn to work. The Taylor system, the last word of capitalism in this respect, like all capitalist progress, is a combination of the refined brutality of bourgeois exploitation and a number of the greatest scientific achievements in . . . , the elaboration of correct methods of work, the introduction of the best system of accounting and control, etc. [op. cit. p.259]*

These steps were anathema to the Left Communists and, in the review that follows, Bukharin is gently reminding Lenin of the danger of the new course in the revolution after March 1918. However, in his reply to the Left Communists, Lenin makes it clear that the dire economic situation, and the need to defend the Soviet Republic from all kinds of enemies whilst waiting for an international revolution, had altered his perceptions. In the columns of *Pravda* he derided the *Kommunist* writers as “naïve”, “*szlachcic*” (i.e. like romantic Polish noblemen – we would call them “quixotic”) and “petty bourgeois”, not just for their opposition to the signing of the Treaty of Brest-Litovsk, but also for their critique that Russia was heading for state capitalism not socialism.

Although the definition of ‘state capitalism’ at this time was different from its later use, the key statement by Lenin was that, “state capitalism would be a step forward” for the Soviet Republic. There was no previous working class experience at this point to contradict him but, as it turned out, the concept opened the way to state building rather than anything else. Certainly no-one at the time considered that state capitalism would in fact turn out to be a barrier to genuine working class revolution, however and wherever it developed around the world in the epoch of imperialism.

But, in arguing for it in 1918, Lenin was not above misquoting himself. Castigating Left Communist objections to the imposition of Taylorism and the control of one-man management he wrote

*This control must be established not only over ‘the insignificant capitalist minority, over the gentry who wish to preserve their capitalist habits’ but also over the workers ‘who have*

*been thoroughly corrupted by capitalism.' Left Wing Childishness and the Petty Bourgeois Mentality in Collected Works Vol. 27 p.353-4*

The quotation marks are Lenin quoting himself from *The State and Revolution* as a direct reply to Bukharin's awkward reminder of his earlier position on the need to smash the state. This obviously stung Lenin, but precisely why, Lenin (for once) did not make clear to the casual reader. Instead he quoted further passages from *The State and Revolution* in an attempt to show that he had not changed his mind since the summer of 1917. But his earlier insights are here quoted out of context. In *The State and Revolution* his remarks about "corrupted" workers were clearly aimed at only a minority of the class. Lenin was now expressing the belief that, on its own, the Russian working class was, as a whole, not sufficiently culturally developed to create the basis for socialism.

Thus the economic crisis inherited from years of war undermined the early hopes of the Bolsheviks. This was soon compounded by a civil war. The longer it ground on, and the longer they had to wait for the world revolution, the further they departed from the ideal of *The State and Revolution*. It was not just Lenin who succumbed to state building at this time.

Bukharin, in his May 1920 book *Economics of the Transition Period*, seems well aware of the contrast between the self-activity of the working class and the situation that soviet power has arrived at by that time. However what he was now arguing was that

*...the revolutionary class is most organised when it has constituted itself as a state power. For this reason state power constitutes the 'concentrated and organised force in society.'*

State power though he tells us is where "*The proletarian vanguard actively leads the others*"; and carries out "***the compulsory self-discipline of the working people.***" [op.cit. pp. 151 and 155-6]

Bukharin clearly did not think this was communism. That would only come about when "*External coercive measures will begin to die out ...*" [op cit p.172] but what was created by 1920 in Russia was the very opposite of what both he and Lenin had argued for until March 1918. The arrival of the world revolution might have prevented further degeneration but even with assistance from the rest of the world proletariat it would have taken a long time for the working class movement of 1917-18 to revive from its sad dénouement at the end of the civil war.

**Review: Lenin *The State and Revolution: The Marxist Theory of the State and the Tasks of the Proletariat in the Revolution* [Zhizn' i Znaniye (Life and Knowledge) 2 roubles 50 kopeks]**

The works of comrade Lenin need no recommendation but we would like to draw special attention to this one. From the point of view of substance, there is nothing new. But at the same time almost everything is new. Social democracy has been so successful in disfiguring and distorting the revolutionary communist teaching of Marx that, as comrade Lenin puts it so well, we are obliged to engage in comprehensive studies to rediscover the real thinking of the founders of scientific communism.

This book is not only interesting from the point of view of the simple restoration of their ideas. It is hot news because the question of the relationship between the proletariat and the state is the crucial question posed by the revolutionary action of the class. This question is of huge importance today because the *World War* has posed it directly for the proletariat. In fact, the very issue of the defence of the country is the corollary of the defence of the bourgeois state; the national question hangs on support for this State or, at least, in benevolent neutrality towards it, etc. All these partial questions, whatever their importance, are resolved according to the response given to the primary problem of the relations of the proletariat with the bourgeois state which gives itself the extraordinary name of the fatherland. The practical importance of this question becomes even more important because of the following: firstly because the state power of the bourgeoisie of all the advanced capitalist countries has been greatly strengthened by absorbing the economic organisations (unions, trusts, etc.); and then, because the proletariat must resolve, in practice, the question of taking power, that is to say, its dictatorship.

The central problems grouped in comrade Lenin's book, posed and solved by Marx and Engels, are those which follow: 1) what is the state; 2) what is the role of the state in the future communist society; 3) what is the role of the state in the transitional phase of the proletarian dictatorship; 4) what is the difference between the proletarian dictatorship and an ordinary type of state (in form and content); 5) how does the proletariat take power; and finally, 6) what should the proletarian attitude towards the bourgeois state apparatus be.

Marx and Engels give absolutely categorical answers to these questions which are in *total* contradiction with the practice of social democracy. (It is for this reason that Lenin, in his book, makes a clear distinction between Communists and Social Democrats.)

According to Marx, the state is the instrument of class oppression, the organisation of the ruling class. The Social Democrats say the state is, more or less, the representative of all the

people.

No state will exist in communist society since all differences between classes will disappear, say the founders of scientific communism. "The Future State" is the Social Democratic "ideal".

During the transitional period between capitalism and socialism, the dictatorship of the proletariat, the proletarian state is necessary to *definitively break* the bourgeoisie, it exists as an instrument to ensure the subjection of the bourgeoisie. Social Democrats rage when we begin to put into practice Marx's ideas.

The dictatorship of the proletariat is not a parliamentary republic with all its trappings, it is a *Commune*-state without police, without a permanent army, without officials, etc., say the masters of revolutionary socialism. The Social Democrats proclaim "Nothing beyond the bourgeois republic!"

Marx and Engels taught us that to build the dictatorship, to conquer political power, it is necessary to break, shatter, blow up, the state apparatus of the bourgeoisie. The social democrats say that to win power, it is necessary to maintain the state apparatus almost as it is because it is a crime to "disorganise the army, the instruments of domination, etc".

The struggle against the bourgeois state until it is destroyed, hatred for it as the main mechanism of oppression – that's the slogan of our venerable predecessors. The servile social democrats submissively teach support for this state, its true patriotism and "state wisdom".

Basically, this is the difference between the teaching of revolutionary Marxists, that is to say, communists, and that of social-opportunist traitors who have turned their backs on the teaching of Marxism and who swear by the name of Marx but at the same time betray his teaching in the most cynical way.

Lenin's little book perfectly shows this difference. And the reader cannot blame the author for extensively quoting the works of Marx and Engels. These works silence these vile slaves of capital who say they are social democrats, as they silence all the Mensheviks, the SR, the Bundists, the followers of Scheidemann and *Novaya Zhizn* (New Life) who dare to speak on behalf of the great masters.

Today every comrade has to read Lenin's book.

**N. Bukharin**



## Translator's notes

[1] This current translation is part of our project to translate all of *Kommunist* into English. Thus far we have translated Karl Radek's *Five Months On* and *The International Situation*, see <http://www.leftcom.org/en/articles/2017-02-17/an-epitaph-for-the-october-revolution>; and <http://www.leftcom.org/en/articles/2017-04-02/radek-on-the-international-situation-in-spring-1918>; N. Ossinsky's *The Construction of Socialism*, see <http://www.leftcom.org/en/articles/2017-09-08/n-ossinsky%E2%80%99s-critique-of-state-capitalism-in-russia>

[2] See <http://www.leftcom.org/en/articles/2017-11-29/the-russian-revolution-100-years-on-newcastle-meeting-of-the-cwo> for more on this.

[3] Both quotes from <https://www.marxists.org/archive/bukharin/works/1915/state.htm>

## What We Stand For

*The Communist Workers' Organisation is the British affiliate of the Internationalist Communist Tendency (formerly the IBRP). Our Italian sister group, the Internationalist Communist Party, was formed in 1943 as the only organisation to oppose all sides in the Second World War in the name of working class autonomy. Today we have groups of comrades in several countries round the world.*

*We stand for a global society in which production is for need and not profit (and is therefore sustainable), where the state, national frontiers and money have been abolished, where power is exercised through class-wide organisations like workers councils. It is a society which can only be created through the activity of millions of human beings. Only such a society can rid us of the capitalist offspring of poverty, hunger, oppression and war: We call it communism but it has nothing in common with the Stalinist state capitalism of the old USSR.*

*In order to get there we are working to create a world proletarian political organisation: a 'party' for want of a better word. This organisation is not a government in waiting. It does not rule but it does lead and guide the struggle for a new world. The ICT by no means claims to be that party but only one of the elements which will come together in its formation. As the working class is more and more faced with the consequences of a crumbling capitalist system it will have to unite and confront capitalist power. The ICT is not in competition with other genuinely working class organisations but seeks to unite on a clearly agreed political programme to prepare the way for the majority of the world's population, the exploited of the earth, to overthrow the capitalist system and its bloody imperialist appetites.*

## **The Internationalist Communist Tendency**

### **Britain**

The Communist Workers' Organisation which produces *Revolutionary Perspectives* (a six monthly magazine) and *Aurora* (an agitational paper)

BM CWO, London WC1N 3XX

uk@leftcom.org

### **Italy**

Il Partito Comunista Internazionalista

which produces *Battaglia Comunista* (a monthly paper) and *Prometeo* (a six monthly theoretical journal)

CP 1753, 20101, Milano, Italy

info@leftcom.org

### **USA**

IWG, P.O. Box 14485, Madison, WI 53708

us@leftcom.org

### **Germany**

Gruppe Internationaler Socialistinnen

which produces *Socialismus oder Barbarei* and *Germinal*

GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

<http://gis.blogspot.de/> and de@leftcom.org

### **France**

Bilan&Perspectives

produces a journal of the same name

ABC-LIV, 118-130 Av. J. Jaures, 75171 Paris Cedex 19

fr@leftcom.org

## **Our Pamphlets**

**The Platform of the Internationalist Communist Tendency 70p**  
(formerly the International Bureau for the Revolutionary Party)

**For Communism £4**

An Introduction to the Politics of the CWO

**Class Consciousness and Revolutionary Organisation £4**

The issue of "consciousness" is one of the most important for the working class and for revolutionaries. Our approach is unashamedly historical and attempts to draw out the real experience of the working class in its struggles of the last two centuries. 56pp

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How Trotsky, who made such an enormous contribution to revolutionary practice, ended up giving his name to a movement which returned to the counter-revolutionary errors of Social Democracy.

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**Holocaust and Hiroshima 50p**

Examines how the nature of imperialist warfare comes to inflict mass murder on the world through an examination of these seminal events.

**Capitalism and the Environment (by Mauro Stefanini) £1**

Translated from *Prometeo* these articles were written some time ago but show that our late comrade was ahead of his time in analysing the unsustainability of capitalist production.

**Spain 1934-39: From Working Class Struggle to Imperialist War £3**

Reprint of key CWO articles long out of print and translations of contemporary documents from the Italian Left in exile. New introduction.

**Platform of the Committee of Intesa 1925 (new edition) £3**

The start of the Italian Left's fight against Stalinism as Fascism increased its grip.

**South Africa's New Turmoil £2**

An analysis of class relations in the period after the fall of apartheid thrown into relief by the strike wave which followed the Marikana massacres.

